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Ethics Commission

1390 Market Street, Suite 801
San Francisco CA 94102
Phone 554-9510 Fax 703-0121

# SAN FRANCISCO ETHICS COMMISSION
# NOTICE OF SPECIAL MEETING AND AGENDA
## FOR
## Tuesday, January 5, 1999, 5:30 P.M.
## 1390 MARKET STREET, ROOM 227

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**Please note: This is a special meeting of the Commission's Budget and Personnel Committee.**

**I. Call To Order and Roll Call**

**II. Discussion and Possible Action re: Budget and Personnel Matters**

- **A. Staff report re: supplemental budget request**
  1. **Technical alternatives for Electronic Filing program and possible issuance of Request for Proposal**
  2. **Additional budget needs re: staffing and non-personal resources**
- **B. Staff report on possible reclassification (upgrade) of certain staff positions: Whistleblower/Educator, Deputy Executive Director/Chief Investigator and Campaign Finance Auditor**
- **C. Preparation of Annual Budget for FY 1999-2000 (due February 19, 1999)**
- **D. Establishment of goals, objectives and rating criteria regarding performance review of Executive Director**

**VI. Adjournment**

***Know Your Rights Under the Sunshine Ordinance***

***Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.***

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Ethics Commission

1390 Market Street, Suite 801
San Francisco CA 94102
Phone 554-9510 Fax 703-0121

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

**for**

**Monday, January 11, 1999, 5:00 p.m.**
**1390 Market St., Room 227 (Mezzanine level)**

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I. **Call To Order and Roll Call**

II. **Public Comment Re: Matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

III. **Discussion and Possible Action Re: Approval of minutes of the meetings of December 14, 1998 and October 13, 1998**

IV. **Executive Director's Report**

**A. Updates**

1. **Approval of Campaign Consultant Fees**
2. **Pending Legislation: False Endorsements in Campaign Literature**
3. **Pending Legislation: Amendments to the Lobbyist Ordinance**
4. **Report on Volume of Calls Received via the Whistleblower Hotline**

**B. Projects and Activities**

1. **Preparation of FY 1999-2000 Annual Budget**
2. **Electronic Filing Program**
3. **Campaign Finance Audit Program**
4. **Campaign Consultant Program**
5. **Lobbyist Program**
6. **Statements of Economic Interests**
7. **Implementation of Revised Complaint Form**

V. **Discussion and Possible Action: Supplemental Budget**

**A. Technical alternatives for Proposed Comprehensive Electronic Filing Program and possible issuance of Request for Proposal**

**B. Additional budget needs re: staffing and non-personal resources**

**C. Possible reclassification (upgrade) of certain staff positions: Whistleblower/Educator, Deputy Executive Director/Chief Investigator, and Campaign Finance Auditor**

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VI. **Discussion and Possible Action: Proposed guidelines for waiver or reduction of lobbyist and campaign consultant late fines**

VII. **Discussion and Possible Action:**
**A. Whether existing laws are adequate to address the types of conduct at issue in complaints, and whether local laws should be amended to address conduct not currently covered by those laws;**

**B. Discussion of Commission priorities re: Initiatives identified by the Commission and Staff. (A revised Summary and Status of Commission Initiatives will be provided for this discussion.)**

VIII. **Discussion and Possible Action Re: Items for Future Agendas**

IX. **Public Comment on items appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission**

X. **Adjournment**

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(Approved 2/8/99)

**Minutes of the**
**San Francisco Ethics Commission**
**1390 Market Street, Room 227**
**January 11, 1999; 5:00 p.m.**

**I. Call To Order and Roll Call.** Chairperson Isabella H. Grant called the meeting to order at 5:10 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Henri E. Norris, Vice-Chairperson; Robert D. Dockendorff, Commissioner; Paul H. Melbostad, Commissioner; Carol M. Kingsley, Commissioner.

**STAFF PRESENT**: Ginny Vida, Executive Director; Peggy Ahn, Whistleblower/Educator; Joe Lynn, Campaign Finance Officer.

**OFFICE OF THE CITY ATTORNEY:** Julie Moll, Deputy City Attorney

**OTHERS PRESENT:** Rod Loucks, Deputy Director, DTIS; Charles Marsteller, Common Cause; David Pilpel, Sunshine Ordinance Task Force; Chad Jacobs, Nielsen, Merksamer, et al.; Anita Mayo, Pillsbury Madison & Sutro.

**MATERIALS DISTRIBUTED:**

SF Ethics Commission Agenda for January 11, 1999
Draft Minutes of SF Ethics Commission for December 14, 1998
Approved as amended (11/9/98) Minutes of SF Ethics Commission for October 13, 1998
Approved Minutes of SF Ethics Commission for November 9, 1998
Executive Director's Report
Memo from Ginny Vida Re: Revised Ethics Commission Complaint Form, January 5, 1999; Revised Complaint Form attached
Attachment B, FY1998-99 Program Enhancement Request re: Electronic Filing
Draft Document: Resources to Complete the Organization of the SF Ethics Commission
Memorandum from Ginny Vida Re: 1) Comparison of Comparable Job Positions and Salaries in the City and the Los Angeles Ethics Commission ; and 2) 1998 Productivity Report for Campaign Finance Auditor, Whistleblower/Educator and Deputy Executive Director, January 4, 1999
Draft Policy and Procedure for Reduction or Waiver of Fines Imposed for the Late Filing of Lobbyist and Campaign Consultant Statements
List of Proposed Initiatives

**II. Public Comment Re: Matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

There was no public comment at this time.

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**II. Discussion and Possible Action Re: Approval of minutes of the meetings of December 14, 1998 and October 13, 1998**

**Motion 99-1-11-3 (Melbostad/Dockendorff) Moved, seconded and passed: That the minutes of the December 14, 1998 meeting be approved as drafted.**

Consideration of amendments to the Minutes of October 13, 1998 was continued until the next regular meeting of the Commission.

**IV. Executive Director's Report**

Executive Director Ginny Vida referred the Commission to the Executive Director's Report in today's agenda packet. She further reported that she and staff had met with Supervisor Tom Ammiano and Deputy City Attorney Julie Moll to discuss the Commission's proposed amendments to the Lobbyist Ordinance. She advised that the Rules Committee, at its January 12, 1999 meeting, would consider recommending the amendments to the full Board of Supervisors. She also noted that the Rules Committee has not yet calendared consideration of the Commission's proposal concerning false endorsements in campaign literature.

**V. Discussion and Possible Action: Supplemental Budget**

**A. Technical alternatives for Proposed Comprehensive Electronic Filing Program and possible issuance of Request for Proposal**

Ms. Vida reported that the Mayor's Budget Office has asked the Commission to consider a less expensive alternative to the $182,000 comprehensive proposal previously prepared by DTIS for an electronic filing program. The Budget Office has asked whether DTIS could consider going forward on the basis of last year's proposal of $30,000. This proposal had included $36,000 in subsidized DTIS services. Ms. Gaylor indicated that should DTIS be unable to consider the subsidy this year, the Mayor's Office would consider a $66,000 proposal. This would include $10,000 that has already been funded in the current Fiscal Year's Budget.

Ms. Vida said that she and Campaign Finance Officer Joe Lynn had met with. Rod Loucks, Deputy Director of DTIS, and Maria Gartner, DTIS Project Manager. Mr. Loucks, who was present at today's meeting, reported that he thought DTIS could propose in the next few days a $66,000 proposal that would develop an on-line Internet-based filing system, implemented initially within a Microsoft Access database. Implementation of the system would be modularized to insure its portability at a later date to a more robust database. Third party software files would continue to be accepted as they are today. Posting to the web would be automated. Appropriate security would be built into the system. At the same time, a requirements analysis, as recommended by the Commission's Personnel and Budget Committee, would be prepared. DTIS will also try to incorporate audit functions. Mr. Loucks said he believes that an on-line, Internet-based program will move the Commission in a far better direction than involving staff in administering stand-alone software applications.

Ms. Vida then urged the Commission to act as soon as possible to avoid DTIS's higher rates, which go into effect on July 1, 1999. She and Commissioner Norris also expressed some concern over the necessity of a $10,000 requirements analysis. Commissioner Dockendorff expressed his view that the requirements analysis is needed in any case. Mr. Loucks said that the $10,000 is a ballpark estimate. He requested two to three days to review the numbers and to determine staff availability to work on the project.

Commissioner Kingsley asked whether the Commission still proposes to put the electronic filing project out to bid. Ms. Vida explained that the Mayor's Office had recommended that DTIS develop the project. Commissioner Dockendorff agreed that DTIS should perform the work. Commissioner Melbostad also said that third party proposals have high maintenance costs and there is a budgetary problem with identifying future funding to continue such maintenance services.

**Motion 99-1-11-4 (Dockendorff/Melbostad) Moved, seconded and passed: That the Commission authorize DTIS to proceed with the requirements analysis work order and spend up to $10,000 for the project.**

Ms. Vida requested that DTIS perform the analysis for significantly less than $10,000 if possible.

**Motion 99-1-11-5 (Melbostad/Norris) Moved, seconded and passed: that the Commission approve a supplemental budget request to enable DTIS to produce an on-line Internet-based campaign filing program. The program will employ a Microsoft Access back-end database, allow filers to print out the completed forms, provide appropriate security for filed data, along with web site enhancements, permit automated posting of filed data to the Commission's web site, and, to the extent possible, incorporate internal auditing tools.**

**B. Additional budget needs re: staffing and non-personal resources**

**C. Possible reclassification (upgrade) of certain staff positions: Whistleblower/Educator, Deputy Executive Director/Chief Investigator, and Campaign Finance Auditor**

Ms. Vida noted that the Mayor's Budget Office has predicted a significant shortfall in City revenues for the coming fiscal year. Accordingly, the Mayor has informed City departments that no budget enhancements will be entertained for the coming fiscal year.

Ms. Vida reported that the Commission's Budget and Finance Committee, at its meeting last week, had discussed a draft document, Resources to Complete the Organization of the Ethics Commission (included in today's agenda packet). The Committee identified a tentative list of additional resources that would enable the Commission to fulfill its Charter mandates. Ms. Vida noted that the Commission is still understaffed, and clerical work has been accumulating. She reported that the new audit program has generated additional clerical work, and the Commission has received no new resources to administer the new Campaign Consultant Program.

Commissioner Melbostad asked when the Commission would be receiving its first audit report. Ms. Vida said that the first two audit reports are near completion and will be reviewed later this week by the Political Audit Supervisor of the Franchise Tax Board.

Commissioner Dockendorff stated that it is important that the Commission complete its organization. He referred to the draft Resources document as a Strategic Plan. He suggested that because of the budgetary constraints the Commission should consider a two-phased approach.

Charles Marsteller of Common Cause expressed his support for the items listed in the draft Resources document. Mr. Pilpel also endorsed the draft list of proposed resources but questioned one item, the need for a legislative analyst.

Commissioner Henri E. Norris said she believes that such a strategic planning analysis is vital in determining what the Commission needs to accomplish its mandates. She stated that the proposal should proceed in two phases. The first phase would address the most urgent needs of the Commission as identified in Items 1-8 of the draft document. The second phase would address the remaining needs.

Ms. Vida said she would revise the draft and include a narrative explaining the need for each item. This will be presented for the Commission's review and approval at the next meeting in accordance with the consensus developed.

**VI. Discussion and Possible Action: Proposed guidelines for waiver or reduction of lobbyist and campaign consultant late fines**

Ms. Vida explained that to date there has been one request for a waiver or reduction of a lobbyist and campaign consultant late fine. She said both local ordinances authorize waivers and reductions of late fines. She also noted that guidelines will be helpful to staff in deciding what factors take into consideration when considering such requests, and helpful to filers in understanding the Commission's policy. At present, the staff notifies filers when they are late. The proposed policy incorporates some features of the strict guidelines implemented by the Commission and the Secretary of State with respect to waiver/reduction of fines for late-filed campaign finance statements. She stated that failure by a lobbyist or campaign consultant to report timely may mean that the Commission's quarterly summary report is published without complete information.

**Motion 99-1-11-7 (Norris/Melbostad) Moved, seconded and passed: that the Commission adopt the Waiver and Reduction Policy as proposed and distribute it to filers in the future along with the appropriate manuals.**

**VII. Discussion and Possible Action:**

**A. Whether existing laws are adequate to address the types of conduct at issue in complaints, and whether local laws should be amended to address conduct not currently covered by those laws;**

**B. Discussion of Commission priorities re: Initiatives identified by the Commission and Staff. (A revised Summary and Status of Commission Initiatives will be provided for this discussion.)**

The Commission discussed the handout entitled, List of Proposed Initiatives. Commissioner Norris requested adding to that list a review of the place of the Commission within the City's budgetary process. She also requested consideration of possible Charter amendments regarding enforcement of matters deemed important as ethics violations and giving the Commission jurisdiction to handle such matters.

Commissioner Melbostad requested consideration of a proposal giving the Commission jurisdiction to handle matters presently perceived by the public as conflicts of interest. He further identified as important item C7 concerning the Campaign Finance Reform Ordinance's definition of "contract" and items E2 and E3 concerning the Improper Government Activities Ordinance. He also urged that the Commission consider present provisions governing the way in which recused votes are counted as "no" votes on matters before City boards and commissions.

Ms. Vida indicated that staff work has been done on some items in the List of Initiatives. These items, she noted, are ready for placement on a future agenda.

Commission Chair Grant then excused herself from the meeting to make another appointment. Commission Vice-Chair Norris proceeded to chair the meeting.

Julie Moll, Deputy City Attorney, then clarified powers of the Commission to adopt and amend conflict of interest rules governing civil service employees, other than Fire Department and Police Department personnel.

Commissioner Kingsley requested that the Commission fully consider Agenda Item VIIA, viz. "Whether existing laws are adequate to address the types of conduct at issue in complaints, and whether local laws should be amended to address conduct not currently covered by those laws."

Mr. Pilpel suggested the Commission consider further educational outreach programs.

Commissioner Norris stated that it is important that there be clarity concerning the direction of the Commission. She suggested the Commission continue consideration of the initiatives to the next meeting. She said she believes a certain amount of brainstorming will be helpful.

**VIII. Discussion and Possible Action Re: Items for Future Agendas**

There was no further discussion of this item.

**A. Whether existing laws are adequate to address the types of conduct at issue in complaints, and whether local laws should be amended to address conduct not currently covered by those laws;**

**B. Discussion of Commission priorities re: Initiatives identified by the Commission and Staff. (A revised Summary and Status of Commission Initiatives will be provided for this discussion.)**

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**VIII. Discussion and Possible Action Re: Items for Future Agendas**

There was no further discussion of this item.

**IX. Public Comment on items appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission**

There was no public comment.

**X. Adjournment**

The meeting was adjourned at 8:10 p.m.

Respectfully submitted,

_____

Joe Lynn
Campaign Finance Officer/Technical Analyst

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Ethics Commission

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# SAN FRANCISCO ETHICS COMMISSION
# NOTICE OF SPECIAL MEETING AND AGENDA
## FOR
## Wednesday, January 27, 1999, 5:00 P.M.
## 1390 MARKET STREET, ROOM 227

I. **Call To Order and Roll Call**

II. **Executive Director's Report:**

**Future relocation of Commission's non-public office at Suite 701, 1390 Market St., to another office at the same address**

III. **Discussion and Possible Action re: Proposed Amendments to the Lobbyist Ordinance.**

**At the request of Board President Ammiano, the Commission will discuss Amendments to the Whole proposed by the Rules Committee:**

A. **A requirement that the Ethics Commission conduct, and lobbyists attend, workshops concerning the laws relating to lobbying.**

B. **A modification of proposed Section 16.521(d)(B), which concerns the application of the Lobbyist Ordinance to efforts to obtain, oppose and appeal construction-related permits.**

**The Ethics Commission had proposed an exemption for persons (individuals and entities) applying for, opposing or appealing construction-related permits on their own behalf.**

**The Rules Committee recommended an exemption for individuals applying for, opposing or appealing construction-related permits, on their own behalf or on behalf of others.**

IV. **Adjournment**

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**Ethics Commission**

1390 Market Street, Suite 801
San Francisco CA 94102
Phone 554-9510 Fax 703-0121

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

**for**

**Monday, February 8, 1999, 5:00 p.m.**

**City Hall**

**One Dr. Carlton B. Goodlett Place, Room 408**

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**PLEASE NOTE CHANGE IN MEETING SITE. AS OF FEBRUARY 8, 1999, THE ETHICS COMMISSION'S REGULAR MEETINGS WILL BE HELD AT CITY HALL**

I. **Call To Order and Roll Call**

II. **Public Comment Re: Matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

III. **Discussion and Possible Action Re: Approval of minutes of the meetings of January 5, 1999, January 11, 1999 and October 13, 1998.**

IV. **Executive Director's Report**

**A. Updates**

1. **Pending Legislation: Amendments to the Lobbyist Ordinance**
2. **Pending Legislation: False Endorsements in Campaign Literature**
3. **Preparation of FY 1999-2000 Annual Budget**
4. **Supplemental Budget Proposal for FY 1998-99 re: Electronic Filing**
5. **Future relocation of Commission's non-public office at Suite 701, 1390 Market St., to alternative office at the same address**

**B. Projects and Activities**

1. **Investigation and Enforcement Program**
2. **Report on Volume of Calls Received via the Whistleblower Hotline**
3. **Campaign Finance Disclosure Program**
4. **Campaign Finance Audit Program**
5. **Lobbyist Program**
6. **Campaign Consultant Program**
7. **Statements of Economic Interests**

V. **Discussion and Possible Action Re: Commission Budget**

**A. Proposed Base Budget for FY 99-2000**

**B. Proposed Strategic Plan: Resources to Complete the Organization of the Ethics Commission (proposed list of resources that will enable the Commission to more fully implement its Charter mandates)**

**(Please turn over for page 2)**

VI. Discussion and Possible Action Re: Approval of proposed Ethics Commission Manual on Governmental Ethics Laws for Public Officials

VII. Discussion and Possible Action Re: Approval of Proposed regulation interpreting the section of the Campaign Consultant Ordinance that governs when client termination statements must be filed (S.F. Admin. Code section 16.543(f))

VIII. Discussion and Possible Action Re: Commission Priorities for Future Initiatives

IX. Discussion and Possible Action Re: Items for Future Agendas

X. Public Comment on items appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission

XI. Adjournment

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(Approved as amended 3/8/99)

**Minutes of the**
**San Francisco Ethics Commission**
**Monday, February 8, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

**I. Call To Order and Roll Call.** Commission Chair Isabella H. Grant called the meeting to order at 5:00 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Robert D. Dockendorff, Commissioner; Carol M. Kingsley, Commissioner; Paul Melbostad, Commissioner. Commissioner Henri E. Norris was excused.

**STAFF PRESENT:** Ginny Vida, Executive Director; Peggy Ahn, Whistleblower/Educator; Joe Lynn, Campaign Finance Officer; Naomi Starkman, Deputy Executive Director.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney

**OTHERS PRESENT:** Esther Marks; Charles Marsteller, Joan Kingery, SF Common Cause; Anita Mayo, Pillsbury Madison & Sutro

**MATERIALS DISTRIBUTED:**

SF Ethics Commission Agenda, February 8, 1999
Draft Minutes of SF Ethics Commission Meeting of January 11, 1999
Draft Minutes of SF Ethics Commission Meeting of January 27, 1999
Approved as Amended Minutes of the SF Ethics Commission Meeting of October 13, 1998
Executive Director's Report, February 8, 1999
Proposed Base Budget for FY 99-00 and Proposed Strategic Plan: Resources to Complete the Organization of the SF Ethics Commission
Draft Ethics Commission Manual on Governmental Ethics Laws for Public Officials
Proposed Regulation interpreting Campaign Consultant Ordinance Governing Client Termination Statements
List of Proposed Initiatives, February 8, 1999
Letter from Esther Marks to Ginny Vida, SF Ethics Commission Executive Director, January 29, 1999
"Lobbying Booming at City Hall," SF Examiner, January 28, 1999
"San Francisco Boardwatch" SF Chronicle, February 2, 1999
"Unions Drag Feet on Disclosing Lobbying," SF Examiner, February 2, 1999

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II. **Public Comment Re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

Esther Marks, a former campaign committee treasurer, requested that the Ethics Commission reconsider its decision to propose that its electronic filing program be developed by the City's Department of Telecommunications and Information Services ("DTIS"), rather than by NetFile, a commercial vendor. Based on her past experience in using NetFile's electronic filing services, Ms. Marks recommended that the Commission reconsider NetFile because of its experience in this field, and because its services were simple to use and would cost only $20 per user. She also stated her belief that DTIS would be unable to develop the program within a reasonable cost and in a timely manner.

Executive Director Ginny Vida thanked Ms. Marks for her comments. Ms. Vida stated that the Commission had considered proposals from both DTIS and Netfile at previous meetings, and had subsequently approved, at its January 11, 1999 meeting, the selection of DTIS to develop its electronic filing program. She noted that the Commission has already sent its recommendation to the Mayor's Budget Office, which has indicated its intention to expedite a proposal for a Supplemental appropriation to fund a work order to DTIS in the current fiscal year. Ms. Vida added that DTIS has confirmed that it will implement the program in time for the July 31, 1999 campaign filing deadline. She said she and Campaign Finance Officer Joe Lynn will meet with representatives of DTIS this week to discuss a timetable. The Commission thanked Ms. Marks for her comments but declined to reconsider its decision.

Charles Marsteller of SF Common Cause introduced Joan Kingery, who serves with Mr. Marsteller as a board member of that organization. Mr. Marsteller stated that Common Cause has been vigorously researching possible grants to obtain $68,000 in additional funding for the Commission's proposed electronic filing program for campaign consultants and lobbyists. Mr. Marsteller also requested that when the subject of unions' coverage under the Lobbyist Ordinance is addressed, the Commission also consider Common Cause's proposal to require lobbyists to disclose monetary contributions to certain 501(c)(3) organizations that benefit the activities of City officers.

III. **Discussion and Possible Action Re: Approval of minutes of the meetings of January 5, 1999, January 11, 1999 and October 13, 1998.**

January 5, 1999 minutes:

> Page 5, para. 5: Mr. Marsteller suggested striking the following language: "He stated that Common Cause will ask that the Civil Grand Jury take up this matter as well." Mr. Marsteller explained that he had not meant that Common Cause would make such a request to the Civil Grand Jury. Mr. Marsteller also suggested adding the following language: "Supervisor Ammiano, as President of the Board, may appoint a new Ethics Task Force."

Page 3, para. 3: Commissioner Melbostad requested that the term "activity" be replaced with "outreach."
Page 4, para. 3: Commissioner Dockendorff requested that the term "upgrades" be replaced with the term "additions" and that "as an attempt" be deleted.

**Motion 99-2-8-10 (Melbostad/Dockendorff) Moved, seconded and passed: That the Minutes of January 5, 1999 be approved as amended.**

January 11, 1999 minutes: There were no amendments.

**Motion 99-2-8-11 (Kingsley/Melbostad) Moved, seconded and passed: That the Minutes of January 11, 1999 be approved.**

October 13, 1998 minutes:

Page 1, under "Materials Distributed": Anita Mayo of Pillsbury Madison & Sutro requested that the term "contract" be changed to "contact."

Page 5: Ms. Mayo also requested that the "strike-out" language be moved to page 9 under Item 5.

**Motion 99-2-8-11 (Dockendorff/Kingsley) Moved, seconded and passed: That the Minutes of October 13, 1998 be approved as amended.**

**IV. Executive Director's Report.**

Ms. Vida referred the Commission to the Executive Director's written report. Ms. Vida reported that the proposed amendments to the Lobbyist Ordinance were approved by the Board of Supervisors on February 8, 1999, with two amendments to the whole, one concerning continuing education for lobbyists, the other concerning construction-related permits. Ms. Vida noted that the amendments have been forwarded to the Mayor for his signature.

Ms. Vida noted that the full Board approved the amendments on second reading on February 8. The Board's version requires the Commission staff to conduct quarterly workshops for new and registered lobbyists. It also restores language in the original Ordinance, as proposed by Supervisor Brown, exempting certain activity related to construction-related permits. Deputy Executive Director Naomi Starkman explained that the consequence of Supervisor Brown's amendment is that persons are exempt from qualifying as lobbyists if they apply for, oppose, or otherwise take a position on a construction-related permit. Ms. Starkman explained that if a person appeals such a permit, the appeal could be considered a contact and count towards the threshold for qualification as a lobbyist.

Commissioner Melbostad commented that in reviewing the Commission's Fourth Quarter 1998 Lobbyist Report, he noted that lobbyists in many instances reported receiving large

fees and yet also reported "No Activity." Whistleblower/Educator Peggy Ahn, who prepares the quarterly lobbyist reports, explained that lobbyists are often paid retainer fees for work relating to lobbying activity that may not involve contacts with City officers, i.e., monitoring legislation or attending hearings that could affect their clients. In these instances, lobbyists would report "No Activity." Ms. Ahn also explained that the Ordinance does require lobbyists to report specific names of individuals contacted.

**V. Discussion and Possible Action Re: Commission Budget.**

A. Proposed Base Budget for FY 99-2000

Ms. Vida reported that staff has identified increased revenues that will be reflected in the Commission's base budget. She proposed allocating a portion of this revenue to upgrade the Whistleblower/Educator position to a salary of $48,000 and using the remainder to fund a temporary Elections Clerk position. Ms. Vida noted that the Commission has received increased revenues from both the campaign consultant and lobbyist programs as of late October 1998 and that additional revenues are expected from late filing fines.

Commissioner Melbostad asked whether the Commission could change the current title of Whistleblower/Educator in order to more accurately reflect the duties of the position. He added that a different title might present a stronger case to the Mayor's Budget Office. Commissioner Melbostad suggested combining various titles, such as "Director of Public Education Program," "Administrator of Whistleblower Program," "Attorney" and "Investigator." Ms. Vida noted that Whistleblower complaints are shared between the two investigators and that neither investigator directs the program. Ms. Vida also stated that in requesting DHR to re-evaluate the positions of Whistleblower/Educator, Deputy Executive Director, and Campaign Finance Auditor, she would request that DHR recommend a more suitable title for the Whistleblower/Educator position based on the actual duties.

Commissioner Dockendorff suggested the title of "Ethics Attorney." Ms. Vida explained that although Ms. Ahn is a licensed attorney, she is not licensed in California.

After some further discussion among the Commissioners, Commissioner Grant suggested the title "Ethics Investigator/Legal Analyst" and directed staff to finalize the title based on the above discussions.

**Motion 99-2-8-12 (Dockendorff/Kingsley) Moved, seconded and passed: That the Proposed Annual Base Budget for FY 99-00 be approved.**

B. Proposed Strategic Plan: Resources to Complete the Organization of the Ethics Commission (proposed list of resources that will enable the Commission to more fully implement its Charter mandates).

Mr. Marsteller recommended that the Commission conceive of its Strategic Plan marketing issue and present its budget as a "mission-driven" budget. Mr. Marsteller

submitted a revised list of items for the Commission's consideration. The Commission directed staff to consider his suggestions and incorporate them if appropriate. Commissioner Kingsley suggested amending the Plan's title as follows: "Strategic Plan: Resources Necessary to Meet Charter Mandates and to Complete the Organization of the Ethics Commission."

Commissioner Melbostad suggested moving Phase 2, item 8, regarding the electronic filing project for lobbyists and campaign consultants, to Phase I as item 1(b).

After some discussion, the Commission approved the following motion:

**Motion 99-2-8-13 (Melbostad/Dockendorff) Moved, seconded and passed: That the Strategic Plan's title be amended to read: "Strategic Plan: Resources Necessary to Meet Charter Mandates and to Complete the Organization of the Ethics Commission;" that Phase II, item 8 be moved to Phase I, item 1, as subpart 1(b); that Phase I, item 1 be renamed subpart 1(a); that the Commission create and submit with the Strategic Plan a one-page summary outlining the Plan for the benefit of the Board of Supervisors, and that the Strategic Plan be approved as amended.**

## VI. Discussion and Possible Action Re: Approval of proposed Ethics Commission's Manual on Governmental Ethics Laws for Public Officials.

Commissioner Kingsley commended the staff for its work in preparing the draft Ethics Manual for Public Officials. She noted, however, that the Manual does not include a section on investigations and the various types of complaints one can file with the Commission. Ms. Vida explained that the Charter requires the Commission to educate public officials about governmental ethics laws, and that the Manual was written to fulfill that purpose.

Ms. Mayo suggested clarifying local laws governing campaign and gift activity. Specifically, Ms. Mayo ~~asked whether~~ stated that the manual should clarify that, according to the City Attorney's interpretation, the value of contributions and gifts to City elected officers must be aggregated ~~and if so, how this would impact~~ for purposes of the contribution limits. In addition, she asked whether the required aggregation of contributions and gifts lowers the annual $300 gift limit applicable to elected City officers.

Commissioner Melbostad noted that Ms. Mayo's question also raises issues regarding contributions from nonprofit organizations to affiliated elected officials, and whether these contributions should be considered as campaign contributions.

Commissioner Kingsley suggested that the Commission solicit additional public comment on the draft Manual by posting it to the Commission's web site. She also suggested that, once the draft Manual is posted, staff notify City department heads to advise their employees about the draft and to submit their comments via e-mail.

Commissioner Melbostad commented that he would like the Ethics Manual to clarify certain terms relating to financial conflicts of interests, such as "a decision that materially affects a City officer's economic interest," "material" vs. "non-material" and "direct" vs. "indirect involvement." Ms. Starkman said staff would provide clear examples in the Manual to guide City officers as to the meaning of these terms.

At Commissioner Grant's request, the Commission agreed to continue the draft Manual to the March agenda for further discussion and possible approval at the Commission's April meeting.

**VII. Discussion and Possible Action Re: Approval of proposed regulation interpreting the section of the Campaign Consultant Ordinance that governs when client termination statements must be filed (SF Admin. Code section 16.543(f)).**

Ms. Starkman explained that the current Ordinance requires campaign consultants to file a client termination statement no later than 30 days after the client terminates the services of the consultant. She stated that the intent of this provision is to prevent consultants from continuing to provide campaign consulting services to a client after filing a client termination statement for that client, and, to prevent the consultant from evading the disclosure requirements by delaying receipt of payments. Ms. Starkman explained that some consultants believe the Ordinance prohibits them from collecting unpaid fees for services previously rendered. She said that this notion led to the consultants' delay in filing client termination statements in order to receive payments.

Ms. Starkman explained that Proposed Regulation 1-1-16.543(f) would clarify a campaign consultant's reporting obligations and reiterate that consultants are prohibited from continuing to provide services after filing a client termination statement. The proposed regulation would also clarify that consultants may collect unpaid fees after filing such a statement provided, that information about the fees and the services for which they were earned are properly disclosed. The consequence of this proposal is that if a consultant wished to terminate a client before collecting unpaid fees, he or she could do so by providing an amended form disclosing the amount of the unpaid fee.

Commissioners Melbostad and Kingsley expressed support for the proposed regulation. Commissioner Melbostad inquired whether the Ordinance could require a consultant to report the type of payment owed by the client, or in the alternative, the payment terms for services rendered to that client. Commissioner Melbostad further suggested that the Ordinance require consultants to report the time period over which a client's payment is to be made, any interest payments, balances due, and other basic payment terms, in order to distinguish ordinary business contract items from disguised campaign contributions.

Deputy City Attorney Claire Sylvia stated that the Commission could propose amendments as necessary to implement the Campaign Consultant Ordinance, over which it has jurisdiction.

Ms. Starkman noted that staff will provide a report regarding this issue and whether such disclosure can also be required of lobbyists.

The Commission directed staff to draft language to address the above concern regarding the disclosure of payment terms. The Commission decided to continue the item until the March meeting for further discussion and possible action.

**VIII. Discussion and Possible Action Re: Commission Priorities for Future Initiatives.**

Ms. Vida directed the Commission's attention to item 1 on page 2 of the document entitled, Commission Priorities for Future Initiatives. Under this initiative, the Commission would recommend to the Board of Supervisors an amendment to the Campaign Finance Reform Ordinance proposing a reduced voluntary expenditure limit for Board candidates prior to implementation of district elections.

Commissioner Melbostad noted that the Commission should act upon this matter immediately given its importance. Commissioner Melbostad directed staff to consult with Supervisor Ammiano regarding any efforts the Board has made towards adjusting the thresholds and to provide a report to the Commissioners by next month's meeting.

Ms. Mayo asked when the Commission would again consider the issue of unions' obligations under the Lobbyist Ordinance. Ms. Vida stated that Supervisor Ammiano is in the process of drafting language concerning this issue for introduction to the full Board in the near future. Ms. Vida stated that staff will contact Supervisor Ammiano regarding the status of that language.

Commissioner Melbostad suggested adding to the list of initiatives, under "Lobbyist Ordinance," an item to discuss his concern that large monetary contributions are being made by lobbyists to various nonprofit organizations which are also affiliated with certain elected officials. He also stated that the Commission should prioritize its initiatives in order of items that have generated strong public reaction, together with those over which the Commission has full authority to effect change rather than require voter approval.

Commissioner Grant requested that staff forward to the Commission any items and/or draft legislation which the staff has prepared for its review by next month's meeting scheduled for March 8, 1999, and that staff prioritize other existing items as suggested by Commissioner Melbostad above.

**IX. Discussion and Possible Action Re: Items for Future Agendas.**

There were no items discussed.

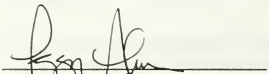
**X. Public Comment on items appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission.**

There was no public comment.

**XI. Adjournment.**

The meeting was adjourned at 7:45 p.m.

Respectfully submitted,



Peggy Ann
Whistleblower/Educator

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Ethics Commission

1390 Market Street, Suite 801
San Francisco CA 94102
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# SAN FRANCISCO ETHICS COMMISSION AGENDA

**for**

**Monday, March 8, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. Call To Order and Roll Call

II. Public Comment Re: Matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and Possible Action Re: Approval of minutes of the meetings of February 8, 1999, and January 27, 1999

IV. Executive Director's Report
A. Updates

1. Amendments to the Lobbyist Ordinance
2. Pending Legislation: False Endorsements on Campaign Literature
3. FY 1999-2000 Annual Budget
4. Supplemental Budget Proposal for FY 1998-99 re: Electronic Filing
5. Future relocation of Commission's non-public office, which is currently located at Suite 701, 1390 Market St.

B. Projects and Activities

1. Investigation and Enforcement Program
2. Report on Volume of Calls Received via the Whistleblower Hotline
3. Campaign Finance Disclosure Program
4. Campaign Finance Audit Program
5. Lobbyist Program
6. Campaign Consultant Program
7. Statements of Economic Interests

V. Discussion and Possible Action Re: Proposed Ethics Commission Manual on Governmental Ethics Laws

VI. Discussion and Possible Action Re: Proposed regulation interpreting Section 16.543(f) of the Campaign Consultant Ordinance, which governs when client termination statements must be filed

VII. Discussion and Possible Action Re: Amending the Campaign Finance Reform Ordinance, to modify the contribution and voluntary expenditure limits applicable to candidates for

(Please turn over for page 2)

the Board of Supervisors. Currently, candidates for the Board who voluntarily agree to spend no more than $250,000 on behalf of their candidacy may accept contributions in an amount up to $500 per contributor. Candidates who do not agree to comply with the voluntary spending limits may accept no more than $150 per contributor. These spending and contribution limits were established for City-wide elections. Starting in 2000, candidates for the Board will be elected by District. It may be appropriate for the the City to modify the contribution and spending limits applicable to District elections.

VIII. Discussion and Possible Action Re: Proposed Amendment to the Strategic Plan to include reclassification/upgrade for Campaign Finance Officer (The Strategic Plan includes a proposed list of resources that will enable the Commission to more fully implement its Charter mandates and complete the organization of the Ethics Commission.)

VIII. Discussion and Possible Action Re: Items for Future Agendas

IX. Public Comment on items appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission

X. Adjournment

*Know Your Rights Under the Sunshine Ordinance*

*Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.*

*For more information on your rights under the Sunshine Ordinance (Chapter 67 of the SF Admin. Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6075.*

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**Ethics Commission**

1390 Market Street, Suite 801
San Francisco CA 94102
Phone 554-9510 Fax 703-0121

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

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**for**

**Monday, March 8, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

**I.** **Call To Order and Roll Call**

**II.** **Public Comment Re: Matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

**III.** **Discussion and Possible Action Re: Approval of minutes of the meetings of February 8, 1999, and January 27, 1999**

**IV.** **Executive Director's Report**
**A. Updates**

1. **Amendments to the Lobbyist Ordinance**
2. **Pending Legislation: False Endorsements on Campaign Literature**
3. **FY 1999-2000 Annual Budget**
4. **Supplemental Budget Proposal for FY 1998-99 re: Electronic Filing**
5. **Future relocation of Commission's non-public office, which is currently located at Suite 701, 1390 Market St.**

**B. Projects and Activities**

1. **Investigation and Enforcement Program**
2. **Report on Volume of Calls Received via the Whistleblower Hotline**
3. **Campaign Finance Disclosure Program**
4. **Campaign Finance Audit Program**
5. **Lobbyist Program**
6. **Campaign Consultant Program**
7. **Statements of Economic Interests**

**V.** **Discussion and Possible Action Re: Proposed Ethics Commission Manual on Governmental Ethics Laws**

**VI.** **Discussion and Possible Action Re: Proposed regulation interpreting Section 16.543(f) of the Campaign Consultant Ordinance, which governs when client termination statements must be filed**

**VII.** **Discussion and Possible Action Re: Amending the Campaign Finance Reform Ordinance, to modify the contribution and voluntary expenditure limits applicable to candidates for the Board of Supervisors. Currently, candidates for the Board who voluntarily agree to**

**(Please turn over for page 2)**

spend no more than $250,000 on behalf of their candidacy may accept contributions in an amount up to $500 per contributor. Candidates who do not agree to comply with the voluntary spending limits may accept no more than $150 per contributor. These spending and contribution limits were established for City-wide elections. Starting in 2000, candidates for the Board will be elected by District. It may be appropriate for the City to modify the contribution and spending limits applicable to District elections.

VIII. Discussion and Possible Action Re: Proposed Amendment to the Strategic Plan to include reclassification/upgrade for Campaign Finance Officer (The Strategic Plan includes a proposed list of resources that will enable the Commission to more fully implement its Charter mandates and complete the organization of the Ethics Commission.)

IX. Discussion and Possible Action Re: Items for Future Agendas

X. Public Comment on items appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission

XI. Possible closed session held pursuant to Charter section C3.699-13, Brown Act section 54956.9(c) and Sunshine Ordinance section 67.11 to discuss pending litigation

Conference with Legal Counsel: Anticipated Litigation as Plaintiff
Number of possible cases: 2

XII. Discussion and vote pursuant to Brown Act section 54957.1 and Sunshine Ordinance section 67.14 on whether to disclose action taken or discussions held in closed session.

Motion: The Charter provides that deliberations regarding complaints are confidential. Pursuant to section C3.699-13, the Ethics Commission finds that it is in the best interests of the public not to disclose its closed session deliberations re: pending litigation.

XIII. Adjournment

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(Approved 5/10/99)

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**Minutes of the**
**San Francisco Ethics Commission**
**Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**March 8, 1999, 5:00 p.m.**

**I. Call to Order and Roll Call.**
Commission Chair Isabella H. Grant called the meeting to order at 5:10 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Robert D. Dockendorff, Commissioner; Carol M. Kingsley, Commissioner; Paul H. Melbostad, Commissioner; Henri E. Norris, Commissioner.

**STAFF PRESENT:** Ginny Vida, Executive Director; Peggy Ahn, Ethics Investigator/Legal Analyst; Joe Lynn, Campaign Finance Officer; Shaista Shaikh, Campaign Finance Auditor; Armando Gomez, Elections Clerk; Tina Tan, Student Intern.

**OFFICE OF THE CITY ATTORNEY:** Julie Moll, Deputy City Attorney.

**OTHERS PRESENT:** Charles Marsteller, SF Common Cause; Anita Mayo, Pillsbury Madison & Sutro; Chad Jacobs, Nielsen & Merksamer; Jim Reid, Jim Reid for Mayor.

**MATERIALS DISTRIBUTED:**

SF Ethics Commission Agenda, March 8, 1999
Draft Minutes of the SF Ethics Commission Meeting of January 11, 1999
Draft Minutes of the SF Ethics Commission Meeting of February 8, 1999
Approved as Amended Minutes of the SF Ethics Commission Meeting of January 5, 1999
Executive Director's Report, March 8, 1999
Press Release, "Ethics Commission Hails Passage of Improved Lobbyist Ordinance," March 2, 1999
Draft Ethics Commission Manual on Governmental Ethics Laws for Public Officials
Memo to Ethics Commission Members from Ginny Vida, Executive Director, re: Amendment of Proposed Regulation 1-1-16.543(f), dated March 3, 1999
Memo to Ethics Commission Members from Ginny Vida, Executive Director, re: Amending the Campaign Finance Reform Ordinance to Modify the Contribution and Voluntary Expenditure Limits Applicable to Candidates for the Board of Supervisors, dated March 5, 1999
Memo to Members of the Board of Supervisors from Ginny Vida, Executive Director, re: Strategic Plan: Resources Necessary to Meet Charter Mandates and to Complete the Organization of the San Francisco Ethics Commission, dated February 18, 1999
Letters to Mayor Willie L. Brown and Controller Edward Harrington from Ginny Vida, Executive Director, with enclosure of Commission's Annual Budget for FY 99-00

## II. Public Comment Re: Matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

Charles Marsteller of SF Common Cause stated that he had sent to the Commission a memorandum regarding Academic Discussion and Summary of Proposition N Issues for the 1998 Election Cycle. He further stated that Common Cause has filed complaints with other agencies regarding three instances of non-compliance. He informed the Commission that Common Cause would soon issue a press release. Members of the Commission informed Mr. Marsteller that they had not received the above-mentioned memo. Mr. Marsteller replied that he would provide a copy to Ms. Vida and to the Commission.

## III. Discussion and Possible Action Re: Approval of minutes of the meetings of February 8, 1999 and January 27, 1999

January 27, 1999 minutes: There were no amendments.

**Motion 99-3-8-14 (Norris/Kingsley) Moved, seconded and passed: That the minutes of the January 27, 1999 meeting be approved.**

February 8, 1999 minutes:

Commission Chair Grant requested that the following statement be added to the second paragraph of Item II on page 2: "The Commission thanked Ms. Marks for her comments but declined to reconsider its decision."

Anita Mayo of Pillsbury, Madison & Sutro requested that the second paragraph of Item VI. on page 5 be changed as follows:

"Ms. Mayo suggested clarifying local laws governing campaign *and gift* activity. Specifically, Ms. Mayo ~~asked whether~~, *stated that the manual should clarify that* according to the City Attorney's interpretation, the value of contributions and gifts to City elected officers must be aggregated~~, and if so, how this would impact~~ *for purposes of the contribution limits. In addition, she asked whether the required aggregation of contributions and gifts lowers* the annual $300 gift limit applicable to *elected* City officers."

**Motion 99-3-8-15 (Kingsley/Melbostad) Moved, seconded and passed: That the Minutes of the February 8, 1999 meeting be approved as amended.**

## IV. Executive Director's Report

Ms. Vida referred the Commission to the Executive Director's written report and then briefly summarized some of the highlights. Ms. Vida reported that the Mayor signed the amendments to the Lobbyist Ordinance on February 19, 1999 and that the Commission subsequently issued a press release. Ms. Vida also reported that she and Commissioner Paul H. Melbostad met with Supervisor Leno to review the Commission's proposal to

prohibit false endorsements on campaign literature, which has been calendared for consideration by the Rules Committee on March 25, 1999.

Ms. Vida reported that the Mayor has introduced to the Board a Supplemental Budget for the Electronic Filing program, requesting $56,000 for an on-line Internet-based program. She also reported that the Commission's office in suite 701 will be relocated to suite 314. Fox Plaza agreed to undertake construction for storage space and to connect the computer network. Ms. Vida further reported that the Commission has completed its first audit and will soon issue an audit report. She added that two other audits are near completion. Finally, Ms. Vida announced that according to financial reports received on March 8, 1999, the Commission is well within its budget in terms of its spending and that it has surpassed its revenue projections.

Commissioner Robert D. Dockendorff asked staff whether the Commission's latest web site posting of the campaign finance statements was a complete or partial list. Joe Lynn, Campaign Finance Officer, responded that it was a partial list since not all candidates had filed. He explained that those candidates who had not raised $1,000 or more by the end of 1998 are not required to file until later filing deadlines. Ms. Vida stated that in the future, staff would include more information about who has or has not filed.

Ms. Vida also reported that she and two other staff members met with official visitors of the United States Government. The visitors, a delegation from Kyrgystan, commented that this was the best of all the meetings they had attended in the United States.

**V. Discussion and Possible Action Re: Proposed Ethics Commission Manual on Governmental Ethics Laws**

Ms. Vida noted that suggestions made by the Commission at the February meeting were now included in the revised Manual for Public Officials on Governmental Ethics Laws. She asked whether the Commission had any other suggestions. Commissioner Melbostad responded that even after reading the revised manual, he wished that some items could be explained in simpler terms. Julie Moll, Deputy City Attorney, explained that the conflict of interest rules regarding "direct" and "indirect" effects are highly technical and do not lend themselves to further simplification.

Commissioner Melbostad then questioned whether the Commission was required to apply FPPC rules and whether the City had its own rules. Ms. Moll advised that the City cannot relax from FPPC rules but that it can adopt more restrictive rules. Ms. Moll suggested that the Commission could move the technical rules regarding "direct" and "indirect" effects to an appendix.

Ms. Vida stated that if the Commission were to approve the manual, staff would keep a file of comments received for possible future incorporation. Commissioner Carol M. Kingsley expressed her support for this idea. However, she expressed concern that if the manual were primarily distributed in hard copy form, amending it would involve reprinting and redistribution. Ms. Vida explained that the manual would be available via

the web site and that a small number of printed manuals would be reproduced in-house at minimal expense.

Ms. Moll suggested, and it was agreed, that the Commission staff produce a separate handout illustrating how these technical conflict of interest regulations apply.

**Motion 99-3-8-16 (Kingsley/Henri) Moved, seconded and passed: That the Commission approve the draft Ethics Commission Manual on Governmental Ethics Laws.**

**VI. Discussion and Possible Action Re: Proposed regulation interpreting Section 16.543(f) of the Campaign Consultant Ordinance, which governs when client termination statements must be filed.**

Commissioner Melbostad commended the deputy city attorneys for their work in drafting the proposed regulation and moved to adopt the proposed language.

Mr. Marsteller questioned whether Item 3b of the proposed regulation is onerous and unnecessary. Commissioner Melbostad explained that the purpose of the item is to indicate whether the transactions existed. Commission Chair Grant added that the item is necessary and not onerous.

**Motion 99-3-8-16 (Melbostad/Norris) Moved, seconded and passed: That the Commission approve the proposed regulation interpreting Section 16.543(f) of the Campaign Consultant Ordinance.**

**VII. Discussion and Possible Action Re: Amending the Campaign Finance Reform Ordinance, to modify the contribution and voluntary expenditure limits applicable to candidates for the Board of Supervisors.** [Currently, candidates for the Board who voluntarily agree to spend no more than $250,000 on behalf of their candidacy may accept contributions in an amount up to $500 per contributor. Candidates who do not agree to comply with the voluntary spending limits may accept no more than $150 per contributor. These spending and contribution limits were established for City-wide elections. Starting in 2000, candidates for the Board will be elected by District. It may be appropriate for the City to modify the contribution and spending limits applicable to District elections.]

Commission Chair Grant stated that the Commission is considering modification of the limits for supervisorial candidates due to the upcoming change to district elections. Staff recommended that the April Commission meeting be devoted to a public hearing to obtain comment from interested individuals and organizations. Commissioner Melbostad stated that the Commission should conduct an active outreach effort. Commissioner

Kingsley urged that materials sent to interested parties should clearly state what type of feedback the Commission is interested in receiving.

Ms. Vida noted that any recommendation made by the Commission regarding modification of the contribution and spending limits would need to be referred to the Board of Supervisors. If approved by the Board of Supervisors, the Board would then be able to place an item on the ballot for voter approval. The Board, if it decided to submit a proposal, would have to deliver it to the Department of Elections by July 23, 1999 in order for it to be placed on the November 1999 ballot. Ms. Vida suggested including on the hearing notice a list of relevant questions that would assist hearing presenters in preparing their testimony.

Commissioner Melbostad asked whether staff had created a list of individuals to contact. Ms. Vida said that in addition to the Commission's usual list, the staff had planned to notify supervisorial candidates for the past six years, their treasurers, campaign consultants, members of the press, academics with expertise in this area, members of the Elections Advisory Task Force, and persons who were instrumental in developing or proposing the current limits in the CFRO. Ms. Vida asked for suggestions from the Commissioners. Commissioner Melbostad suggested notifying all members of the Board of Supervisors, campaign consultants and District Attorney Terence Hallinan since he authored the proposition calling for district elections. Commissioner Melbostad then asked whether staff had a list of community democratic and republican clubs. Ms. Vida responded that staff has Tony Kilroy's list. Mr. Lynn noted that there are many clubs on the list and that it would be useful to notify those political clubs registered with the Commission. Commissioner Melbostad added that notifying Matier and Ross would also help in notifying interested parties.

Mr. Marsteller questioned whether the Commission would be able to submit a recommendation to the Board in the time frame specified by Ms. Vida. In response to a question as to whether the Commission can place an item on the ballot itself, Ms. Moll explained that the Charter states that the Commission can propose an ordinance directly to the voters only if the ordinance is one which the Supervisors are empowered to pass. Since the Board cannot modify the CFRO, Ms. Moll questioned whether the Ethics Commission could propose a modification to the CFRO directly to the voters.

Ms. Vida reported that Board President Tom Ammiano has expressed interest in meeting with staff to discuss this and other issues for future consideration by the Commission.

Commissioner Melbostad noted that residents have been meeting in their respective neighborhoods to discuss favorable candidates and that the Commission should not ignore their efforts. He suggested that the Commission suggest ways to inform neighborhood residents of the public hearing.

Commission Chair Grant noted that it is the general consensus of the Commission that the April 12 Commission meeting should be devoted to receiving public comment on

modifying the contribution and expenditure limits for supervisorial candidates running in district elections.

**VIII. Discussion and Possible Action Re: Proposed Amendment to the Strategic Plan to include reclassification/upgrade for Campaign Finance Officer**

Ms. Vida proposed that the Commission amend the Strategic Plan to request an upgrade for the Campaign Finance Officer position. She noted this position should have been included with the prior request for upgrades of the Whistleblower/Educator, Campaign Finance Auditor and Deputy Executive Director positions. Staff would complete a Job Analysis Questionnaire for the Campaign Finance Officer position and ask the Department of Human Resources to recommend an appropriate classification. The Commissioners agreed to amend the Strategic Plan to include reclassification/upgrade for the Campaign Finance Officer position. Mr. Marsteller stated that Common Cause is supportive and would advocate for the upgrades.

**IX. Discussion and Possible Action Re: Items for Future Agendas**

The following items were considered:

The Commissioners requested that for the April 12, 1999 Commission meeting, the Commission continue its discussion and invite public comment regarding amending the Campaign Finance Reform Ordinance to modify the contribution and voluntary expenditure limits applicable to candidates for the Board of Supervisors.

Commissioner Kingsley requested that for the May 10, 1999 Commission meeting, the Commission discuss the list of Commission initiatives and priorities.

**X. Public Comment on items appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission.**

There was no public comment.

**XI. Possible closed session held pursuant to Charter section C3.699-13, Brown Act section 54956.9(c) and Sunshine Ordinance section 67.11 to discuss pending litigation**

The following motion was approved unanimously:

**Motion 99-03-08-17 (Kingsley/Norris) Moved, seconded, and passed: That the Commission conduct a closed session.**

The Commission adjourned to closed session.

**XII. Discussion and vote pursuant to Brown Act section 54957.1 and Sunshine Ordinance section 67.14 on whether to disclose action taken or discussions held in closed session.**

The following motion was approved by unanimous vote:

**Motion 99-03-08-18, (Melbostad/Norris) Moved, seconded and passed: The Charter provides that deliberations regarding complaints are confidential. Pursuant to section C3.699-13, the Ethics Commission finds that it is the best interests of the public not to disclose its closed session deliberations re: pending litigation.**

**XIII. Adjournment**

The meeting was adjourned at 7:45 p.m.

Respectfully submitted,

_____

Shaista Shaikh
Campaign Finance Auditor

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**Ethics Commission**

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

**for**

**SPECIAL MEETING**

**Monday, April 12, 1999, 4:30 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. **Call To Order and Roll Call**

II. **Public Comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

III. **Closed session held pursuant to Charter section C3.699-13, Brown Act section 54956.9(c) and Sunshine Ordinance section 67.11 to discuss pending litigation**

**Conference with Legal Counsel: Anticipated Litigation as Plaintiff**
**Number of possible cases: 2**

IV. **Discussion and vote pursuant to Brown Act section 54957.1 and Sunshine Ordinance section 67.14 on whether to disclose action taken or discussions held in closed session**

**Motion: The Charter provides the deliberations regarding complaints are confidential. Pursuant to section C3.699-13, the Ethics Commission finds that it is in the best interests of the public not to disclose its closed session deliberations re: pending litigation.**

V. **Adjournment**

**Please Note: This special meeting will be immediately followed, at 5:00 p.m., by a public hearing concerning the Campaign Finance Reform Ordinance. The Ethics Commission will consider whether to modify the contribution and voluntary expenditure limits applicable to candidates for the Board of Supervisors. Starting in 2000, Supervisors will be elected by district rather than City-wide.**

**(Please turn over for page 2)**

***Know Your Rights Under the Sunshine Ordinance***

*Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.*

*For more information on your rights under the Sunshine Ordinance (Chapter 67 of the SF Admin. Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6075.*

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Ethics Commission

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

**Monday, April 12, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. Call To Order and Roll Call

II. Public Comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and Possible Action Re: The Commission will consider whether to propose a ballot measure amending the Campaign Finance Reform Ordinance, to modify the contribution and voluntary expenditure limits applicable to candidates for the Board of Supervisors. Currently, candidates for the Board who voluntarily agree to spend no more than $250,000 on behalf of their candidacy may accept contributions in an amount up to $500 per contributor. Candidates who do not agree to comply with the voluntary spending limits may accept no more than $150 per contributor. These spending and contribution limits were established for City-wide elections. Starting in 2000, candidates for the Board will be elected by District. It may be appropriate for the City to modify the contribution and spending limits applicable to District elections.

IV. Discussion of Items for Future Agendas

V. Public Comment on matters appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission

VI. Adjournment

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(Approved 5/10/99)

**Minutes of the**
**San Francisco Ethics Commission**
**Monday, April 12, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

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**I. Call to Order and Roll Call.**
Commission Chair Isabella H. Grant called the meeting to order at 5:05 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Henri E. Norris, Vice-Chairperson; Robert D. Dockendorff; Commissioner; Carol M. Kingsley; Commissioner; Paul H. Melbostad, Commissioner.

**STAFF PRESENT:** Ginny Vida, Executive Director; Peggy Ahn, Ethics Investigator/Legal Analyst; Joe Lynn, Campaign Finance Officer; Shaista Shaikh, Campaign Finance Auditor; Naomi Starkman, Deputy Executive Director; Tina Tan, YouthWorks Intern.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney.

**OTHERS PRESENT:** Tom Ammiano, President, Board of Supervisors; Terence Hallinan, District Attorney; Richard DeLeon, San Francisco State University; Patrick Murphy, University of San Francisco; David Fairely; Chris Bowman; Esther Marks; Jim Sutton, Nielsen, Merksamer, et al.; Charles Marsteller, Common Cause/League of Women Voters; David Pilpel; John Bardis; Rebecca Silverberg and Al Lewis, District 11 Council; David Looman; Susan C. King, San Francisco Green Party; Bobby Coleman; Scott Duhanin; Eric Mar; Alan White; Wayne Shepard; Jim Stevens; Joel Ventresca; and Betty Traynor.

**MATERIALS DISTRIBUTED:**

SF Ethics Commission Agenda for Special Meeting April 12, 1999
SF Ethics Commission Agenda for April 12, 1999
SF Ethics Commission Notice of Public Hearing
Draft Minutes of SF Ethics Commission Meeting of March 8, 1999
Draft Minutes of SF Ethics Commission Meeting of February 8, 1999
Executive Director's Report, April 12, 1999
Memo to Ethics Commission from Ginny Vida re: Budgetary Performance Measures, April 8, 1999
Memo to Ethics Commission from Ginny Vida re: Amending the Campaign Finance Reform Ordinance, March 5, 1999
Memo to Ethics Commission from Ginny Vida re: Contribution and Expenditure Data, April 8, 1999
Memo to Ethics Commission from Naomi Starkman, re: Campaign Expenses made by 1998 Board of Supervisors Candidates, April 9, 1999
Letter (fax) from Esther Marks, April 9, 1999
Letter from Mount Olympus Neighbors Association, April 6, 1999
Letters from Norman Rolfe, April 7, 1999 and April 12, 1999
Letter from Jake McGoldrick, April 7, 1999
Letter from California Common Cause, February 22, 1999

Letter from Tony Kilroy, March 16, 1999
E-Mail from Wayne Shepard, April 9, 1999
Letter from Outer Mission Residents Association to Naomi Nishioka, March 2, 1999
Letter from Outer Mission Residents Association to Tom Ammiano, February 17, 1999
Letter from District 11 Council, April 12, 1999
Letter from Jane Morrison, April 12, 1999
Letter from Al Lewis, April 12, 1999
Letter from Christopher Bowman, April 12, 1999
Letter from Bobby Coleman, April 12, 1999
Final Report of the Elections Task Force, May 1, 1995
Remarks made by Rich DeLeon, April 12, 1999

**II. Public Comment on matters appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission**

There was no public comment.

**III. Discussion and Possible Action Re: The Commission will consider whether to propose a ballot measure amending the Campaign Finance Reform Ordinance, to modify the contribution and voluntary expenditure limits applicable to candidates for the Board of Supervisors. Currently, candidates for the Board who voluntarily agree to spend no more than $250,000 on behalf of their candidacy may accept contributions in an amount up to $500 per contributor. Candidates who do not agree to comply with the voluntary spending limits may accept no more than $150 per contributor. These spending and contribution limits were established for City-wide elections. Starting in 2000, candidates for the Board will be elected by District. It may be appropriate for the City to modify the contribution and spending limits applicable to District elections.**

Commission Chair Isabella H. Grant welcomed the public to the meeting. She stated that one of the Commission's mandates under the City Charter is to make recommendations to the Board of Supervisors and the Mayor concerning submission to the voters of Charter amendments related to campaign finance reform.

Commissioner Grant noted the current contribution and expenditure limits set forth in the City's Campaign Finance Reform Ordinance ("CFRO"). She advised that in anticipation of the change from Citywide to district elections in November 2000, the Commission would consider whether the contribution and voluntary spending limits applicable to candidates for the Board of Supervisors should be modified. She stated that the Commission has no specific proposal under consideration, but anticipates voting on one or more proposals at its next regular meeting scheduled for May 10.

Commissioner Grant explained that the purpose of the hearing was to gather relevant information on appropriate levels for contribution and expenditure limits. She noted that the Commission had conducted vigorous outreach to solicit a broad range of testimony and that the Commission welcomed, and would give serious consideration to, all points of view. She then welcomed testimony from the invited speakers.

TESTIMONY OF INVITED SPEAKERS

**Professor Richard DeLeon**, Chair of the Political Science Department, San Francisco State University, stated that a comparison of campaign spending data of district elections in 1977 and 1979 with the two

preceding at-large elections in 1973 and 1975 suggests that 1) more money will be spent, in total, on district election campaigns than on at-large elections and 2) more money, on average, will be required to win. Professor DeLeon noted that in 1979, four supervisorial incumbents outspent their challengers and did not win re-election. He suggested that the Commission consider instant runoff voting which he said would save taxpayers the cost of runoffs, a savings that could be applied to public funding of campaigns. Professor DeLeon recommended $100,000 as a spending limit, or 14 cents per resident Citywide and $1.52 per resident in each district. He noted that these figures, which were based on the 1979 district election, were comparable to other Bay Area jurisdictions.

**Professor Patrick Murphy** of the University of San Francisco said that campaign finance reform could address one of three issues: 1) it could level the playing field with lowered spending, inviting more candidates to participate; 2) it could limit the sources of the funding, thereby encouraging more widespread accountability of candidates; and 3) it can reduce fundraising demands on a candidate's time, freeing the candidate to spend more time on policy issues.

**Terence Hallinan,** District Attorney, stated that as one of the authors of both the district elections measure and the CFRO, he believes that the two are integrated measures designed to restore power to the City's neighborhoods and reduce the influence that occurs as a result of contributions. He stated that both measures should be used to encourage not only less expensive campaigns, but also campaigns with harder working candidates. Mr. Hallinan stated that smaller districts encourage candidates to meet all the voters of the district. This level of contact with voters is impossible with at-large elections, he said. In response to an inquiry by Commissioner Paul H. Melbostad, Mr. Hallinan noted that campaign spending continued to rise from the 1977 to the 1979 district elections because the candidates were legally able to spend additional amounts. He asserted that it was not necessary for campaigns to spend the money but that they would do so if they had the funds.

**Tom Ammiano,** President of the Board of Supervisors, said the present $250,000 Citywide limit had been reached as the result of a political compromise. He stated that although he was able to raise close to the maximum level of funds for the last election, he does not believe all the trappings of a Citywide campaign were needed for a district election. He said his goal is to facilitate an inclusive electoral system, and he recommended a spending cap of $50,000.

**David Fairely,** Statistician, provided the Commission with analysis he had prepared for the Elections Task Force in 1995, in which he compared the spending for supervisorial races in district elections (1977 and 1979) with spending under the at-large system. Mr. Fairely noted 1) spending by winning candidates under district elections was much less than for at-large elections and 2) in district elections, money appears a less important factor for wining. He stated that the figures showed that their challengers regularly defeated incumbents who spent more money. Mr. Fairely supported Proposition 208 limits of $1 per resident. He urged a $65,000 spending limit per election, which he noted was also recommended by Craig Holman of the Center for Governmental Studies.

**Chris Bowman**, former member of the Elections Task Force, quoted from one of the Task Force's conclusions regarding district elections, which stated that if a district election system is implemented, the current voluntary spending limit should be substantially reduced. He said that without voluntary spending limits, candidates will spend as much money on their district races as they had Citywide. Mr. Bowman stated that in 1979 former Supervisor Britt spent $222,000 (in 1999 dollars) on his campaign in a district election. Mr. Bowman stated that although the districts were approximately equal in number of residents, the number of registered voters in the districts varied such that as few as 10,000 votes could elect a supervisor. Mr. Bowman recommended abiding by the guidelines set forth in Proposition 208,

which called for spending no more than $1 per person in a district, or between roughly $62,523 and $69,105 per district, depending on the population. He suggested that because the City has runoff elections, the Commission should use the formula determined for the mayoral race (a 60 percent limit on the general election and a 40 percent limit in a runoff election.) Mr. Bowman recommended that $39,488 be allocated for the general election and $26,326 for a run-off. Alternatively, he recommended the following figures: 1) in a presidential year, $42,579 for a general election and $28,386 for a runoff election and 2) in a gubernatorial year, $37,772 for a general election and $25,181 for a runoff election.

**Esther Marks**, a former treasurer for supervisorial campaigns, recommended a $50,000 spending cap, noting that she had submitted a detailed model budget to the Commission. She said that she believes her budget, based on financial data for the 1996 and 1998 elections, is generous and flexible. She discussed the types of mailings it would permit. She said she does not believe a district campaign would need a campaign consultant. In response to an inquiry by Commissioner Melbostad, Ms. Marks said that campaign consultants are not commonly employed in grassroots, coalition campaigns. She said that Supervisor Sue Bierman was elected without a consultant and that rather than employ a consultant, a campaign should have one full-time paid staff person and some volunteers.

Commissioner Kingsley noted that the cost of rent, overhead and other budgetary items could be different in different districts.

**Jim Sutton**, representing Nielsen, Merksamer, urged the Commission to review constitutional standards of free speech when it makes its final recommendations regarding spending and contribution limits. He questioned whether the CFRO's expenditure limits currently in effect could withstand legal scrutiny in the unlikely event a candidate were to challenge it. Mr. Sutton said that courts are invalidating similar expenditure limits in other jurisdictions. He also questioned whether the CFRO's voluntary limits are actually voluntary, since they impose lower contribution limits on those who do not accept spending limits. He urged that attorney's fees incurred in complying with complicated legal requirements, and fees incurred in the preparation of filing electronic reports, be exempted from any new expenditure limits.

**Charles Marsteller**, representing Common Cause and the League of Women Voters, advocated a voluntary spending limit for each election cycle (general/runoff) based on a formula of $1.00 per resident. This formula would result in an average spending limit of $65,000 per district. The $65,000 figure includes a $40,000 spending limit for the general election and a $25,000 limit for the runoffs. Mr. Marsteller proposed a contribution limit of $100 for those candidates who do not accept the spending limit and $250 for those who do accept it. He also stated his organizations' view that an initiative could be placed on the ballot directly by the Commission if the Board of Supervisors takes no action. Mr. Marsteller expressed optimism that citizen action would not be needed to place these issues before the voters.

**David Pilpel** stated that he serves as Chair of the Sunshine Ordinance Task Force but noted that he was testifying on his own behalf. Mr. Pilpel said that he did not know whether there would be a sufficient pool of volunteers available for campaigns in the first election. He estimated that there could be as many as 15 to 20 major candidates. He said that the number of voters per district ranges from 32,000 to 52,000. He estimated an average of 30,000 voters to be reached, with an average turnout of 24,000. Mr. Pilpel suggested that the Commission look to Oakland and San Jose, which have spending caps of between $1 and $1.50 per resident. He stated his view that Ms. Marks' budget has no fat and little flexibility, particularly for those with less volunteer support. Mr. Pilpel stated that he was not arguing for higher limits but suggested $1 per resident for the general elections and 33 to 50 cents per resident

for the runoff. This level of funding, he said, would provide $88,000 to $90,000 for the entire election. He also urged that the Commission be required to review the limits periodically, particularly two years after the first cycle. Mr. Pilpel urged the Commission to err on the side of having a larger, rather than a smaller, expenditure limit.

**John Bardis,** a former Supervisor, stated that limits are needed. He said that he spent $80,000 in his district election because it was within the limits. He suggested consideration of limiting the sources of the funds to contributors within the district itself.

**PUBLIC COMMENT**

**Rebecca Silverberg,** District 11 Council President, stated that her neighborhood is working class and would therefore typically be making contributions of approximately $20 in the new district elections. She urged a $50,000 cap on spending.

**David Looman**, Campaign Consultant, stated that he had managed former Supervisor Nancy Walker's successful 1979 campaign, which he characterized as the most cost-effective district campaign ever, spending $39,000 ($93,000 in 1999 dollars). He said he considered Ms. Marks' budget too small in that it allows for no regulatory costs, no money for slate card mailings or for neighborhood newspapers. Mr. Looman challenged her figure for the cost of signs and said that the Walker campaign would cost more today because of changes in the reporting of in-kind contributions. He stated that campaign consultants save campaigns money and that they could be expected to set their fees in accordance with the available budget. Mr. Looman said that the idea that a candidate could meet all the voters in a district is a myth. He said that if a candidate were to meet a voter every 30 seconds for 24 hours a day, the candidate could not meet all the voters, even in several months.

**Susan C. King**, a member of the San Francisco Green Party, said she had served as finance director for former Congressman Dan Hamburg's campaign in the largest congressional district in California. Disagreeing with Mr. Looman's calculations, she said that a candidate could shake hands with the number of voters proposed by Mr. Looman in little more than a week at the rate he had suggested. She proposed a $65,000 limit for the general election and $20,000 for the run-off. Ms. King said the Green Party did not have a recommendation concerning contribution limits.

**Al Lewis**, a member of District 11 Council, urged a $50,000 spending limit and a contribution limit of between $100 to $200 per contributor.

**Bobby Coleman**, a recent supervisorial candidate, said that some of the testimony provided to the Commission is based on guesswork assumptions. He said that he had spent less than 10 cents per vote in a Citywide election and would have been elected at the district level. Mr. Coleman said that campaign finance reform should drive out the deleterious effects of money from the electoral process. He stated his view that campaigns do not need slick flyers or slate cards. He said that a candidate could run an effective campaign for as little as $15,000. He suggested that a successful low budget campaign could be accomplished through in-person campaigning combined with use of volunteers. Mr. Coleman stated that setting a contribution limit as high as $150 would permit a campaign to raise $50,000 from only 330 people. He urged the Commission to consider outlawing "bundling" of contributions and suggested a limit of $50,000 for campaign expenditures. Mr. Coleman said that Common Cause's proposal of $1.00 per resident would also be acceptable. He urged the Commission to err on the lower side for expenditure limits.

**Scott Duhanin** stated that he had been a supervisorial candidate in 1996. He said that shaking hands is not expensive. He urged a $60,000 cap on spending and a $250 per-person contribution limit. He said he thought these limits would cut down on fundraising efforts.

**Eric Mar**, former member of the Elections Task Force, urged a $50,000 expenditure limit or up to $1 per voter. He said he believes Ms. Marks' proposed budget is a good one. He said an additional $15,000 should be established as a limit for the run-off. He also recommended a contribution limit of $150.

**Alan White** said that money is not the issue. Placing limitations on spending, he said, would reduce electoral participation. It is important, he said, to encourage more people to get involved.

**Wayne Shepard**, representing the Electoral Reform Coalition, said he believes that campaign costs are too high. He said he would like the costs reduced to zero. All that is needed, he said, is the elections handbook. Mr. Shepard said that candidates should be given enough of a budget to permit the voters to judge whether they spent their budget wisely. He stated that runoffs would raise the cost of campaigns and that lowering the limits would favor incumbents. Mr. Shepard stated that limits could conceal the real backers of the candidate. He suggested that there are more efficient ways to reduce costs, such as instant runoff elections.

**Joel Ventresca**, former supervisorial candidate, urged public financing of district elections. He said this option would withstand court challenges. Referring to the division of the City into eleven districts, he stated his view that one-eleventh of the present cap would be about $25,000 per district. He said that the salary of a supervisor should also be a referent for setting limits. He recommended reducing the contribution limit to $100.

**Betty Traynor,** a Green Party member and former member of the Elections Task Force, said that a candidate could reduce costs by instant runoff voting. She stated that run-offs cost candidates and the City. She explained that instant runoff voting takes one hundred percent of the votes and divides them accurately by choice between the top two candidates. If the top preferred candidate is out of the running --below the top two--the vote is then transferred to the next preferred candidate in an "instant runoff." The vote exchanges, or runoffs, continue until all the votes are transferred to the top two candidates and the winner is declared.

At the close of the speakers' comments, Commissioner Carol M. Kingsley asked Deputy City Attorney Claire Sylvia to comment on the constitutionality of the present CFRO limits. Ms. Sylvia said her office had studied the issue and concluded that the limits set forth in the present ordinance are constitutional. She also said that any proposed change might include variables that would require her office to review its previous analysis. In response to an inquiry from Commission Chair Grant, Ms. Sylvia confirmed that there has been no challenge to date to the $250,000 spending limit.

In response to an inquiry from Vice-Chairperson Henri E. Norris, Ms. Sylvia said that the constitutionality of lowering the limits would depend upon the particular proposal.

Commissioner Robert D. Dockendorff expressed his concern over the propriety of what he considered an implicit threat of litigation raised by Mr. Sutton.

Mr. Bardis said that he did not endorse instant runoff voting. He said that he would instead reduce the amount of time between general elections and the runoffs. He said that runoffs are a problem primarily

for the candidate's volunteers, not for the candidate. As a former candidate, he said he sees the runoff as an opportunity to meet more voters. Mr. Bardis stated that a runoff also serves to define the issues between the two candidates, giving better clarity and accountability to the voters.

Mr. Jim Seacrist asked the Commission to study how to limit campaign contributions from outside the district.

Mr. Pilpel asked when the staff would submit its proposal. Commission Chair Grant asked the staff to submit a proposal one week before the next meeting, scheduled for May 10.

Commissioner Melbostad asked the staff to focus on spending and contribution limits because of the brief time left before a proposed ballot measure must be approved by the Board of Supervisors and delivered to the Department of Elections. He also requested some study of limiting contributions to natural persons.

Commissioner Dockendorff suggested that the staff should study prohibitions on corporate contributions.

Commissioner Kingsley requested that the staff include higher numbers for the limits. She stated that options presented by the staff for Commission consideration at the May meeting should be balanced.

**II. Discussion of Items for Future Agendas**

Commission Chair Grant stated that items for the May agenda should include the CFRO expenditure and contribution limits as well as a proposed new process for selecting campaign committees for audit.

**V. Public Comment on matters appearing or not appearing on the Agenda that are within the jurisdiction of the Ethics Commission**

There was no additional public comment.

**VI. Adjournment**

The meeting was adjourned at 7:55 p.m..

Respectfully submitted,

Joe Lynn
Campaign Finance Officer

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Ethics Commission

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

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MAY 07 1999

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for

**Monday, May 10, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. Call to order and roll call

II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and possible approval of minutes of the meetings of March 8, 1999, and April 12, 1999

IV. Executive Director's report
A. Updates

1. Supplemental budget proposal for FY 1998-99 re: electronic filing
2. Annual budget proposal for FY 99-00
3. April 12, 1999 public hearing
4. Scheduling of Executive Director's performance review

B. Projects and activities

1. Investigation and enforcement program
2. Report on volume of calls received via the whistleblower hotline
3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests
8. Staff presentations to the public

V. Discussion and possible approval of proposed new criteria for random selection of campaign committees for financial audit. The proposed criteria target for selection committees with higher levels of financial activity.

VI. Discussion and possible approval of proposed regulation interpreting section 16.510-2 of the Campaign Finance Reform Ordinance. Section 16.510-2 creates a blackout period during which prospective contractors who are seeking business with the City are prohibited from making contributions to the City officers who have the authority to approve the contract, candidates seeking election to such offices, and committees controlled by such officers and candidates. The proposed regulation defines when negotiations for a contract have commenced or have been completed or terminated.

VII. Discussion and possible action re: amending the Campaign Finance Reform Ordinance, to modify the contribution and voluntary expenditure limits applicable to candidates for the

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Board of Supervisors. Currently, candidates for the Board who voluntarily agree to spend no more than $250,000 on behalf of their candidacy may accept contributions in an amount up to $500 per contributor. Candidates who do not agree to comply with the voluntary spending limits may accept no more than $150 per contributor. These spending and contribution limits were established for City-wide elections. Starting in 2000, candidates for the Board will be elected by District. It may be appropriate for the City to modify the contribution and spending limits applicable to District elections.

VIII. Discussion of items for future agendas

IX. Public comment on items appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

X. Adjournment

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*Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.*

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Minutes of the
San Francisco Ethics Commission
Meeting at City Hall
One Dr. Carlton B. Goodlett Place, Room 408
May 10, 1999, 5:00 p.m.

I. Call to Order and Roll Call.
Commission Chair Isabella H. Grant called the meeting to order at 5:10 p.m.

COMMISSION MEMBERS PRESENT: Isabella H. Grant, Chairperson; Henri E. Norris, Vice-Chairperson, Robert D. Dockendorff, Commissioner; Carol M. Kingsley, Commissioner; Paul H. Melbostad, Commissioner

STAFF PRESENT: Ginny Vida, Executive Director; Peggy Ahn, Ethics Investigator/Legal Analyst, Armando Gomez, Election Clerk; Joe Lynn, Campaign Finance Officer.

OFFICE OF THE CITY ATTORNEY: Julie Moll, Deputy City Attorney.

OTHERS PRESENT: Christopher Bowman; Philip Babcock; Gwenn Craig; Don Eichenberger, SF Green Party; Edward Epstein, SF Chronicle; David Fairley; David Grace; Eileen Hansen, Women's Agenda for Action; Lucia Hwang, SF Bay Guardian; David Looman; Tom Lucas, Cayuga Improvement Association; Esther Marks; Anita Mayo, Pillsbury, Madison and Sutro; Maggie Muir, David Pilpel; Jim Sutton, Nielsen, Merksamer, et al.; Shawn O'Hearn; Rebecca Silverberg, District 11 Council; Charles Marsteller, Don Ellison and Joann Fuller of Common Cause/League of Women Voters.

MATERIALS DISTRIBUTED:
SF Ethics Commission Agenda for Meeting May 10, 1999
Draft Minutes of SF Ethics Commission Meeting of March 8, 1999
Draft Minutes of SF Ethics Commission Meeting of April 12, 1999
Executive Director's Report of May 10, 1999
Memo to Ethics Commission from Ginny Vida re: Amending the Campaign Finance Reform Ordinance, May 5, 1999
Memo to Ethics Commission from Ginny Vida re: Proposed Regulation 1-1-16.510-2, May 7, 1999
Letter from Robert Barnes to Supervisor Mark Leno, April 28, 1999
Letter from David Looman to Ginny Vida, April 30, 1999

II. **Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

There was no public comment.

III. **Discussion and possible approval of minutes of the meetings of March 8, 1999, and April 12, 1999**

**99-05-10-19 (Norris/ Kingsley) Moved, seconded and passed: That the minutes of the March 8, 1999 be approved.**

**99-05-10-20 (Kingsley/Norris) Moved, seconded and passed: That the minutes of the April 12, 1999 be approved.**

IV. Executive Director's Report

There were no questions regarding the Executive Director's Report.

David Pilpel asked whether any City officers or employees who are required to file a Statement of Economic Interests have failed to do so as of the April 1 deadline.

Campaign Finance Officer Joe Lynn estimated that roughly 30 to 40 commissioners have failed to file these statements.

V. **Discussion and possible approval of proposed new criteria for random selection of campaign committees for financial audit. The proposed criteria target for selection committees with higher levels of financial activity.**

This item was continued to the Commission's June meeting.

VI. **Discussion and possible action re: amending the Campaign Finance Reform Ordinance ("CFRO"), to modify the contribution and voluntary expenditure limits applicable to candidates for the Board of Supervisors. Currently, candidates for the Board who voluntarily agree to spend no more than $250,000 on behalf of their candidacy may accept contributions in an amount up to $500 per contributor. Candidates who do not agree to comply with the voluntary spending limits may accept no more than $150 per contributor. These spending and contribution limits were established for Citywide elections. Starting in 2000, candidates for the Board will be elected by District. It may be appropriate for the City to modify the contribution and spending limits applicable to District elections.**

Deputy City Attorney Julie Moll stated that although she had previously advised the Commission that it does not have the authority to submit amendments to the CFRO directly to the voters, upon further consideration she concluded that the Commission does have the authority to submit such amendments to the voters. She advised that a four-vote majority of the Commission would be required to place a measure directly on the ballot. The measure would have to be submitted to the Department of Elections by July 23 for placement on the November 1999 ballot. Ms. Moll noted that the Commission could also decide, by a three-vote majority, to recommend a measure to the Board of Supervisors for placement on the November ballot. The deadline for submission of a recommendation to the Board is June 14.

**Shawn O'Hearn** said that he had run twice Citywide for the Board of Supervisors and had spent very little money. In 1996 he spent $1,000 and received 8,600 votes, and last year he spent $250 and received almost 18,000 votes. He urged the Commission to restrict the amount of "hard" money spent on campaigns. He said that the intent of district elections was to encourage community participation.

**Tom Lucas**, President of the Cuyuga Improvement Association, representing mostly homeowners in the Outer Mission area, stated that his organization supports a spending limit of $50,000 and a contribution limit of $100. He said that big money campaigns are not "of the people and for the people." Candidates should be rooted in the community, he said, and community-based candidates do not need a lot of money to run a campaign.

**Rebecca Silverberg**, representing District 11 Council, a new organization of neighborhood groups and business organizations, advocated a spending limit of $50,000 and a contribution limit of $100. She said because that former Supervisor Dan White ran in District 11, many people will be watching that race.

**Philip Babcock**, a member of the Board of Directors for SF Tomorrow and Vice-President of Political Affairs for the Harvey Milk Club, stated that the intended purpose of district elections was to reduce campaign costs, encourage participation by neighborhood activists and limit the influence of corporate donors. He said that candidates who can raise large sums of money will never be required to meet the voters. He noted that campaign consultants' estimated costs of mailers and other campaign budgetary items, as reflected in the Commission staff's report, were quite high and that the cost of conducting district campaigns will be reduced through the use of volunteers. Noting that supervisorial districts are one-eleventh the size of the City, Mr. Babcock said that the current spending cap should be reduced by more than 60 percent.

**David Pilpel** advocated a lower spending cap than that proposed by staff. He said that the staff's report, though well researched, reflects a fundamental misunderstanding as to how political campaigns are run. He said in Citywide elections, the goal for candidates for the Board in a multi-seat race has been to draw enough votes to occupy one of the top five positions, and/or to get the highest number of votes so as to become President of the Board. He said a candidate's goal in district elections will be to get enough votes to place first and be elected outright, or to place second if the top candidate does not get a majority, so as to force a runoff. He said a district campaign requires much less money than a Citywide campaign, because there are fewer voters to reach and fewer candidates vying for a single seat. He said the Commission should not recommend a spending cap based on the maximum amount that might be needed. He said that the Commission should force candidates to make choices about how they spend their campaign funds, i.e., that candidates should either use more volunteers and do more voter communication or have more paid work and less voter communication.

Mr. Pilpel also advocated a lower individual contribution limit. If current limits are left in place, he said, they will represent a higher proportion of contributions to a candidate than under the present system. These, he said, could provide the basis for a corrupting influence if not lowered. He recommended a $250 contribution limit if the voluntary spending limit is accepted, and $100 if it is not accepted.

**Christopher Bowman**, a former member of the Elections Task Force, stated that the staff's recommendation does not comport with the goal set by the Elections Task Force when it recommended district elections—that of substantially reducing the spending limit. He said that any amount over $100,000 is excessive and inconsistent with this goal. He recommended retaining the current contribution limit of $500 per individual contributor. If the cap were lowered to $100, he said, a candidate would have to make five times the number of telephone calls to raise money. Mr. Bowman also recommended requiring that at least 50 percent of a candidate's contributions come from contributors who reside in the district. This requirement would significantly reduce the political influence of special interests outside the district and make candidates more accountable to donors and voters within the district. Mr. Bowman said that in a district election a candidate should be able to win without being wealthy and without spending six hours each day on the phone raising money.

Commissioner Paul H. Melbostad discussed campaign limits as a deterrent to corruption in the election process. He read from the U.S. District Court's holding in the Proposition 208 litigation, in which the Court relied on the Supreme Court's definition of "corruption." Commissioner Melbostad noted that the High Court defined corruption as a "...subversion of the political process. Elected officials are influenced to act contrary to their obligations of office by the prospect of financial gain to themselves or infusions of money into their campaigns." He further read: "...The hallmark of corruption is the financial quid pro quo: dollars for political favors."

Noting that Mr. Bowman has performed post-election analysis in San Francisco in past years, Commissioner Melbostad asked Mr. Bowman whether his research indicated a level of expenditure at which a candidate would have to solicit contributions from persons who would be seeking political influence in return for their contributions. Mr. Bowman said he did not have such information, but noted that for some Board candidates in past elections, 75 percent of their donors made the maximum contribution, and one candidate raised $79,000 in

the last two weeks of the campaign. He also said that of those persons who had prodigious fundraising machines, some also had contributors who had matters pending before the City.

In response to a question from Ms. Vida, Mr. Bowman stated that the $1 per resident formula in Proposition 208 included the both the general and the runoff election (60 cents per resident for the general, 40-cents per resident for the runoff). Ms. Vida advised that the staff's research indicated that the $1 per resident formula applied to the general election only, and that the runoff would qualify as a separate election.

**Esther Marks** quoted a passage from the Voter Information Pamphlet stating that district elections would "...dramatically reduce the cost of campaigning." She said that she was surprised by the methodology used in the staff report. She said that the current costs of running a Citywide campaign in San Francisco should not be used as a basis for running a district campaign. She disagreed with the staff's use of the high end of the range of costs. Ms. Marks then referred to each item in the staff report and to her own previously submitted budget of $50,000. She disagreed with the ranges submitted by those interviewed in specific categories such as the cost of mailers. She stated that a campaign does not need to spend money on campaign consultants, polling services, attorney fees, or campaign reporting services. Ms. Marks made suggestions in each of the budget categories and urged the Commission to reduce the spending limit far below the staff recommendation. In addition to her recommendation of $50,000 for the general election, she suggested that $20,000 or even $15,000 would be sufficient for the runoff.

**David Fairely** of the San Francisco Green Party said that San Franciscans have approved the most ballot measures to prevent the appearance of corruption and that they want to see candidates address the issues, not raise money from vested interests. Mr. Fairely said that in 1979, candidates in district elections, including challengers for open seats, were able to win with less money than recommended by the Commission staff. The staff-proposed caps, he said, will hardly limit spending at all. He stated that the Ethics Commission was created to root out corruption, not to perpetuate professional politics as usual.

**Charles Marsteller** of Common Cause/League of Women Voters thanked Deputy Executive Director Naomi Starkman for her report on this issue. Mr. Marsteller said that it is very difficult to quantify how much a campaign in a district election would cost. He stated that higher limits in district elections will require big money, which may invite corruption. He noted that higher limits also contradict what the voters had in mind when they voted for district elections and contribution and spending caps. He urged the Commission to approve a combined limit of under $100,000 for the general and runoff elections. He specifically recommended a spending cap in the general election based on $1 per resident, and a spending cap of $20,000 in the runoff.

Ms. Vida noted that the recommendation in the staff report was a preliminary one. She stated that many people who testified at the April 12 hearing recommended setting the spending limit at a specific number, such as $50,000, but that they had not provided concrete examples as to the actual costs of running a campaign in San Francisco. In order to provide this important information to the Commission, staff focused on gathering specific evidence from people involved in the campaign industry as to what a Citywide campaign actually costs in San Francisco and what it might cost to run a district election. Ms. Vida explained that staff reviewed campaign finance statements which reflect current spending patterns and interviewed a variety of individuals, such as campaign treasurers, campaign consultants and vendors of campaign services.

Commissioner Melbostad noted that he and Commissioner Carol M. Kingsley had worked with the staff on this matter. He said that both he and Commissioner Kingsley were in agreement as to the legal standards but that they had a difference of opinion with respect to the factual determination. Commissioner Melbostad thanked Ms. Starkman for her report. He stated, however, that the report did not factor in the use of volunteers.

Commissioner Kingsley stated that there is only one constitutionally recognized reason to reduce the current contribution limits: to prevent corruption or the appearance of corruption. Commissioner Kingsley said that there is no evidence to suggest that the current contribution limits are not serving this purpose. Commissioner Kingsley stated that Ms. Starkman's conclusion, that current contribution limits should be retained, is correct. She emphasized that Proposition 208 is currently enjoined and that the Ninth Circuit Court of Appeals had upheld the injunction and returned the matter to the District Court for a trial.

Commissioner Melbostad stated that he has reluctantly come to the same conclusion with respect to the contribution limits. He acknowledged the argument that lower contribution limits are appropriate because a $500 contribution would be a much larger percentage of a candidate's budget, and therefore potentially corrupting. He stated that Ms. Starkman pointed out that this argument is undercut by the existing CFRO, which has the same contribution limits for a range of elective offices that have different expenditure limits. Commissioner Melbostad noted that School Board candidates, who have an expenditure ceiling of $75,000, have contribution limits of $500 and $150. He urged, however, that the Commission attempt to limit spending while still providing enough money for a meaningful campaign.

Commissioner Robert D. Dockendorff stated that only special interests such as corporations or wealthy individuals are capable of making a $500 contribution. He said that the majority of families do not make such large contributions. He suggested that those who can afford to contribute $500 are likely to be those seeking political influence.

Commissioner Kingsley stated that this question has already been before the voters, who have decided that a $500 contribution limit is enough to prevent corruption. She said the voters have decided that political favors are not bought at that level.

Commission Vice-Chairperson Henri Norris stated that $500 doesn't buy much influence today. She said that as a citizen, she would be willing to pay $500 for better government.

**99-05-10-21 (Kingsley/Norris) Moved, seconded and passed: That the Commission retain the current contribution limits with respect to the general and runoff elections.**

Commissioner Dockendorff voted against the above motion. Commissioner Melbostad voted in favor of the motion but requested that the Commission consider lowering the contribution limits in the future when additional information on contribution limits is available. He noted that the bulk of the public testimony had focused on spending limits.

**Eileen Hansen**, of the Women's Agenda for Action, said that the Commission should lower the voluntary spending limits to bring forth grassroots candidates. She recommended a spending limit of $1 per resident per district. She stressed the importance of preventing not only corruption but the appearance of corruption. She stated that grassroots, neighborhood campaigns cost less money.

**Don Eichenberger**, of the SF Green Party, endorsed the lowering of the spending limits to $1 per registered voter per district. District elections should encourage candidates to focus on fund management, not only on fundraising.

**Jerry Winley** said that he favored a spending limit in the range of $45,000 to $65,000. He said that as a former aide to a supervisor in SF, he has witnessed attempts by contributors to influence an official's policy decisions, and has seen contributors withdraw support when they were unsuccessful in those attempts. Mr. Winley said a high spending cap isn't necessary to enable people with low name recognition to be successful in the election process. The purpose of district elections, he said, is to allow just that. A high cap encourages

politicians to employ fundraisers and spend time on the phone raising money so they can outspend each other instead of meeting with constituents in the neighborhood and learning about the issues.

**David Grace** recommended a substantial reduction in the current $500 spending cap to limit the influence of wealthy donors. He noted that the average income of CEOs has risen dramatically. Mr. Grace also noted that the Bay Area has been declared a breast cancer hazardous waste region. He said that persons with breast cancer are greatly uninsured and would therefore not have much lobbying power in comparison with wealthy polluters. He urged that the Commission consider how persons with limited means can sustain themselves in a period of economic disparity.

**Gwenn Craig**, introduced herself as Chair of the SF Elections Task Force that worked on the proposal that put the issue of district elections before the Board of Supervisors and eventually before the voters. She stated that the Task Force's proposal was preceded by extensive public hearings. She said that overall, the public testimony reflected an underlying philosophy that district elections are necessary to bring down the cost of campaigning in elections, and to ensure that persons who do not have personal wealth or access to corporate contributions can get elected. She stated that the Commission staff's proposal does not accomplish these goals, and would in fact make it necessary for candidates to solicit corporate contributions to raise the money needed for election to office. Setting the spending cap too high will force challengers as well as incumbents to raise the maximum amount in contributions, she said. She noted that the spending cap proposed by staff far exceeds one-eleventh of the current spending limit.

Vice-Chairperson Norris stated that she was heartened by the fact that the Commission could bring this matter directly to voters. She said it was critical for the Commission to come to an agreement as to the expenditure limit.

Commissioner Melbostad stated that he felt strongly that $50,000 would be enough money to run a meaningful campaign for Supervisor in a district one-eleventh the size of the City. He added, however, that he could accept a spending limit of $60,000 for the general election and $25,000 or $30,000 for the runoff election. The $60,000 figure would allow a campaign to budget for a campaign consultant if those services were desired. Commissioner Melbostad noted that Oakland allows $1 per voter in Citywide elections, whereas in San Francisco the ratio is 35 cents per voter. He said that something in the range of $1 per voter, or 3 times what is currently allowed, is defensible. Commissioner Melbostad also noted that the staff report did not factor in the use of volunteers in district elections. Volunteers, he said, are a more important factor in district elections, where a smaller number of voters can be targeted for delivery of a candidate's message.

Commissioner Dockendorff said that the Commission should look at a different structure than business as usual. He noted that voters want a different style of campaigning altogether, with a different cost structure.

Commissioner Kingsley cautioned against reducing the voluntary spending limit so much that candidates would be too restricted; their hands would be tied. She reminded the Commission that certain limitations in Proposition 208 have been enjoined. She stated that the amassing of evidence and analysis conducted by the staff was thorough and well reasoned. She recommended adopting the staff report, but suggested amending it to reflect one single dollar amount for all districts, rather than a per-resident amount. She recommended a $100,000 spending limit for the general election and a percentage thereof for the runoff election. She noted that staff had pointed out that the current runoff limit for other candidates for elective office is either 57 or 66.6 percent of the spending limit for the general election.

Commissioner Melbostad stated that the staff report was a rough analysis of many factors. He disagreed with the staff's methodology with respect to identifying the highest cost estimate and reducing it by 25 percent. He suggested that a better approach would be to discuss specific budgets such as those proposed by Esther Marks, David Looman and Robert Barnes and discuss which of the items listed are necessary in a district campaign.

Commissioner Kingsley stated that it was not the Commission 's job to decide how much a candidate should be allowed to spend in each category. She stated that candidates should have sufficient "wiggle room" to determine their own expenditures. She said that the staff, in proposing a $100,000 spending cap, has recommended a significant reduction of the current $250,000 limit by the amount of $150,000.

Commissioner Melbostad expressed doubt that there is any evidence to suggest that candidates running in a district need five times the amount per resident that is currently allowed under the voluntary spending limit for Citywide races.

Vice-Chairperson Norris stated that staff had done a good job presenting all of the factors to the Commission, but that it was up to the Commission to determine the final figure. She stated that it was her goal to obtain a consensus on the Commission with respect to a final amount, and that she was willing to compromise on the total amount. She recommended $60,000 for the general election and $30,000 to $35,000 for the runoff. She also said she would like the Commission to submit the proposal directly to the voters.

Commissioner Dockendorff recommended $65,000 for the general election and $20,000 for the runoff.

Ms. Moll stated that she wanted to correct several misstatements made by members of the public with respect to Proposition 208. She said that all provisions of Proposition 208 are currently enjoined. Ms. Moll said that Proposition 208 contemplated that local jurisdictions establish their own spending limits; the Board of Supervisors could impose limits that are lower than $1 per resident and the voters could impose lower or higher limits. She pointed out that Proposition 208 has never applied in San Francisco because the san Francisco voters decided to set different limits than those set forth in Proposition 208. She also explained that that although some members of the public had stated that the Proposition 208 formula for a voluntary spending limit ($1 per resident) encompasses both the general election and any runoff election, the Fair Political Practices Commission has advised that general and runoff elections are separate elections for purposes of Proposition 208.

Commission Chair Isabella H. Grant thanked Ms. Moll for her clarification. She then recommended a voluntary spending limit of $75,000 for the general election and $20,000 for the runoff.

Commissioner Kingsley stated that she disagreed with this proposal. She stated that the limits constitute an unnecessary restraint on a candidate's ability to run a campaign and spend as the candidate sees fit.

Commissioner Melbostad stated that he appreciated Commissioner Kingsley's honesty but noted that $75,000 was far higher than he had originally wanted to agree to.

Responding to an inquiry from Commission Chair Grant, Ms. Moll restated the deadlines for submitting the recommendation to the Board of Supervisors or to the Department of Elections. She noted that if the Commission submitted its recommendation to the Board, the Board could amend or decline to act on the Commission's proposal.

Vice-Chairperson Norris stated that she wanted the Commission to take the initiative on this issue and send the matter directly to the voters.

**99-05-10-22 (Norris/Melbostad) Moved, seconded and passed: That the Commission amend the Campaign Finance Reform Ordinance to modify the voluntary expenditure limit applicable to candidates for the Board of Supervisors. Candidates for the Board who voluntarily agree to spend no more than seventy-five thousand dollars ($75,000) in a general election may accept contributions in an amount up to five hundred dollars ($500) per contributor. Candidates who do not agree to comply with the voluntary**

**spending limit for the general election may accept no more than one hundred fifty dollars ($150) per contributor. Candidates for the Board who voluntarily agree to spend no more than twenty thousand dollars ($20,000) in a runoff election may accept contributions in an amount up to five hundred dollars ($500) per contributor. Candidates who do not agree to comply with the voluntary spending limit for a runoff election may accept no more than one hundred fifty dollars ($150) per contributor.**

Commissioner Kingsley did not vote in favor of this motion. Commission Chair Grant appointed Commissioner Melbostad to work with the City Attorney's Office to draft legislation proposing this change.

David Pilpel urged the Commission to hold a hearing so that the public could consider the draft language. He noted that the Board of Supervisors holds such hearings when it considers draft legislation.

Commission Chair Grant stated that she would ask Commissioner Melbostad to review the draft legislation and to determine, in consultation with the Chairperson, whether a public review was necessary.

VII. **Discussion and possible approval of proposed regulation interpreting section 16.510-2 of the Campaign Finance Reform Ordinance. Section 16.510-2 creates a blackout period during which prospective contractors who are seeking business with the City are prohibited from making contributions to the City officers who have the authority to approve the contract, candidates seeking election to such offices, and committees controlled by such officers and candidates. The proposed regulation defines when negotiations for a contract have commenced or have been completed or terminated.**

Ms. Vida explained that Section 16.510-2 of the CFRO creates a blackout period during which prospective contractors who are seeking business with the City are prohibited from making contributions to the City officers who have the power to approve the contract, candidates seeking election to such offices, and committees controlled by such officers and candidates. She said that determining when negotiations have commenced or been completed or terminated – the points at which the blackout period begins and ends – is essential to compliance with and enforcement of Section 16.510-2. Ms. Vida noted that the CFRO does not define these terms and that Proposed Regulation 1-1-16.510-2 would provide guidance for determining when negotiations have commenced or been completed or terminated within the meaning of Section 16.510-2. She stated that the Proposed Regulation is consistent with past advice distributed by the staff on this matter.

Anita Mayo, of Pillsbury, Madison and Sutro, made suggestions with respect to the Proposed Regulation:

1) In Section (a)(1), insert the words "Request for Proposals" before the term "Request for Qualifications" and "or other similar response or documents" after that same term;

2) Clarify Section (a)(2) with respect to the words "Requests for Proposals; Requests for Qualifications." Ms. Mayo said it is unclear to her whether these terms referred to submitting such requests or making an inquiry;

3) In Section (c)(1), add the following language after the word "contract": "either the prospective contractor or City officer or employee informs the party that the negotiation is terminated."

Responding to Ms. Mayo's first comment, Ms. Moll said that the word "proposal" clarified that a contractor had submitted a proposal in response to a Request for a Proposal. The Commission agreed with Ms. Moll's determination.

Ms. Moll suggested that Ms. Mayo's second concern could be addressed by adding language in Section (a)(2) before each term to read: "'distribution or receipt of" Requests for Proposals; "'distribution or receipt of" Requests for Qualifications." The Commission agreed with Ms. Moll's suggestion.

Commissioner Kingsley stated that the section that is the subject of Ms. Mayo's third comment sets forth examples and that the language should remain the same. The Commission agreed with this determination.

**99-05-10-23 (Dockendorff/Melbostad) Moved, seconded and passed: That the Commission approve, as amended, Proposed Regulation 1-1-16.510-2 of the Campaign Finance Reform Ordinance.**

**VIII. Discussion of items for future agendas**

Ms. Vida noted that the Commission would hold its next meeting on June 7. She anticipated that the Commission would discuss the revised Lobbyist Manual and the staff's report regarding special audit procedures.

Mr. Pilpel asked that the Commission staff make the draft Lobbyist Manual available to the public sooner than the Friday before the June 7 meeting.

**IX. Public comment on items appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

Commissioner Dockendorff congratulated the staff on improvements to the Commission's Internet web site.

Ms. Mayo asked the Commission when it would return to the issue of amending the Lobbyist Ordinance to make explicit its application to unions. Ms. Vida noted that the Ordinance applies to unions, and that the Commission is poised to take enforcement action against any person who violates the Ordinance, including unions. She further noted that the Commission also has other important matters pending. She suggested that the Commission establish priorities after reviewing a comprehensive list of pending items before calendaring consideration of amendments to the Lobbyist Ordinance.

**X. Adjournment**

The meeting was adjourned at 7:50 p.m.

Respectfully Submitted,

Naomi Starkman
Deputy Executive Director

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Ethics Commission

1390 Market Street, Suite 801
San Francisco, CA 94102
Phone 554-9510 Fax 703-0121

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

**Monday, June 7, 1999, 5:00 p.m.**

**City Hall**

**One Dr. Carlton B. Goodlett Place, Room 408**

SPECIAL MEETING: PLEASE NOTE CHANGE IN MEETING DATE.

II. Call to order and roll call

II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and possible approval of minutes of the meeting of May 10, 1999

IV. Executive Director's report
A. Updates

1. Submission to the Board of Supervisors of proposed ballot measure re: campaign spending limits applicable to candidates for the Board of Supervisors in district elections in 2000
2. Final approval by the Board of Supervisors of legislation prohibiting false endorsements on campaign literature, and Commission implementation of false endorsements legislation
3. Referral to the Board of Supervisors of new regulation re: section 16.510-2 of the Campaign Finance Reform Ordinance (re: political contribution "blackout" period applicable to prospective contractors during contract negotiations)
4. FY 98-99 budget: summary of revenues and expenditures
5. Annual budget proposal for FY 99-00
6. Relocation of Commission's non-public office to 1390 Market St., Suite 314

B. Ongoing Programs and Activities

1. Investigation and enforcement program
2. Report on volume of calls received via the whistleblower hotline
3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests

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V. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 1, 1999

VI. Discussion and possible approval of proposed criteria for random selection of campaign committees for financial audit that will be based in part on the committees' level of financial activity. (A staff report will be available from the Commission office on Friday, June 4.)

VII. Discussion and possible approval of proposed revised Lobbyist Manual, reflecting amendments approved earlier this year by the Board and the Mayor. (The draft revised Manual will be available from the Commission office on Friday, June 4.)

VIII. Closed session pursuant to Ralph Brown Act, Section 54957 and Sunshine Ordinance section 67.11, Personnel (performance evaluation, Executive Director Ginny Vida)

IX. Discussion and Possible Action re: Disclosure of closed session pursuant to Ralph Brown Act section 54957.1 and Sunshine Ordinance section 67.14

Motion: The Ethics Commission finds that it is in the best interests of the public (not) to disclose its closed session deliberations re: personnel (performance evaluation, Executive Director Ginny Vida)

X. Discussion of items for future agendas. (An updated List of Commission Initiatives will be available on Friday, June 4.)

XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

XII. Adjournment

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Ethics Commission

1390 Market Street, Suite 801
San Francisco, CA 94102
Phone 554-9510 Fax 703-0121

REVISED 5/24/99

# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

Monday, June 7, 1999, 5:00 p.m.

City Hall

One Dr. Carlton B. Goodlett Place, Room 408

SPECIAL MEETING: PLEASE NOTE CHANGE IN MEETING DATE.

II. Call to order and roll call

II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and possible approval of minutes of the meeting of May 10, 1999

IV. Executive Director's report

A. Updates

1. Submission to the Department of Elections of ballot measure re: campaign spending limits applicable to candidates for the Board of Supervisors in district elections in 2000
2. Final approval by the Board of Supervisors of legislation prohibiting false endorsements on campaign literature, and Commission implementation of false endorsements legislation
3. Referral to the Board of Supervisors of new regulation re: section 16.510-2 of the Campaign Finance Reform Ordinance (re: political contribution "blackout" period applicable to prospective contractors during contract negotiations)
4. FY 98-99 budget: summary of revenues and expenditures
5. Annual budget proposal for FY 99-00
6. Relocation of Commission's non-public office to 1390 Market St., Suite 314

B. Ongoing Programs and Activities

1. Investigation and enforcement program
2. Report on volume of calls received via the whistleblower hotline
3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests

(Please turn over for page 2)

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V. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 1, 1999

VI. Discussion and possible approval of proposed criteria for random selection of campaign committees for financial audit that will be based in part on the committees' level of financial activity. (A staff report will be available from the Commission office on Friday, June 4.)

VII. Discussion and possible approval of proposed revised Lobbyist Manual, reflecting amendments approved earlier this year by the Board and the Mayor. (The draft revised Manual will be available from the Commission office on Friday, June 4.)

VIII. Closed session pursuant to Ralph Brown Act, Section 54957 and Sunshine Ordinance section 67.11, Personnel (performance evaluation, Executive Director Ginny Vida)

IX. Discussion and Possible Action re: Disclosure of closed session pursuant to Ralph Brown Act section 54957.1 and Sunshine Ordinance section 67.14

Motion: The Ethics Commission finds that it is in the best interests of the public (not) to disclose its closed session deliberations re: personnel (performance evaluation, Executive Director Ginny Vida)

X. Discussion of items for future agendas. (An updated List of Commission Initiatives will be available on Friday, June 4.)

XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

XII. Adjournment

*Know Your Rights Under the Sunshine Ordinance*

*Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.*

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7/99

(Approved 7/12/99)

**Minutes of the**
**San Francisco Ethics Commission**
**Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**June 7, 1999, 5:00 p.m.**

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**I. Call to Order and Roll Call.**
Commission Chair Isabella H. Grant called the meeting to order at 5:12 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Robert D. Dockendorff, Commissioner; Paul Melbostad, Commissioner. Commissioners Henri E. Norris and Carol M. Kingsley were excused.

**STAFF PRESENT:** Ginny Vida, Executive Director; Peggy Ahn, Ethics Investigator/Legal Analyst; Shaista Shaikh, Campaign Finance Auditor; Armando Gomez, Elections Clerk.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney

**OTHERS PRESENT:** Charles Marsteller, Don Ellison, SF Common Cause; David Pilpel, Sunshine Ordinance Task Force; Anita Mayo, Pillsbury Madison & Sutro; Rebecca Silverberg, District 11 Council.

**MATERIALS DISTRIBUTED:**
SF Ethics Commission Agenda, June 7, 1999
Draft Minutes of SF Ethics Commission Meeting of May 10, 1999
Approved Minutes of the SF Ethics Commission Meeting of April 10, 1999
Executive Director's Report, June 7, 1999
Draft Guidelines for Selecting Committees to Audit
Draft Lobbyist Manual
"Panel Urges Lower Cap on Supe Elections," SF Examiner, May 11, 1999
"Spending Limit Plan OK'd for S.F. Ballot Ethics Panel Bypasses Supervisor," SF Chronicle, May 11, 1999
"There's a Limit," SF Examiner, May 17, 1999
"Spending Caps Prevent Full Flow of Information," SF Examiner, May 20, 1999
"S.F. Limits on Finance Challenged," SF Examiner, May 29, 1999
"San Francisco Boardwatch," SF Chronicle, June 2, 1999
"Probe Asked in Muni Petition Drive," SF Examiner, June 2, 1999

**II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

There was no public comment.

**(Please turn over for page 2)**

**III. Discussion and possible approval of minutes of the meeting of March 10, 1999**

**99-6-7-24 (Melbostad/Dockendorff) Moved seconded and passed: That the minutes of the May 10, 1999 meeting be approved.**

**IV. Executive Director's Report**

There were no questions regarding the Executive Director's Report.

Ginny Vida reported that she and Deputy City Attorney Claire Sylvia had met with Supervisor Gavin Newsom regarding allegations that union members were harassing Rescue Muni petition gatherers. Ms. Vida stated that she and Ms. Sylvia had informed Supervisor Newsom that conduct of individuals pertaining to election practices is not within the jurisdiction of the Ethics Commission. Ms. Vida noted, however, that the Ethics Commission could explore proposing local legislation to address issues not covered in existing state or local law.

Paul Melbostad commended the Ethics Commission staff for moving forward on this issue.

Ms. Vida suggested that the Commission calendar an item for the July 12 agenda on whether to hold a public hearing on this matter. She also advised that she is contemplating sending a notice to department heads regarding acceptable practices with respect to election-related activities. Chairperson Grant requested that the July 12, 1999 agenda include a discussion on whether to hold a public hearing.

**V. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 1, 1999**

This item was continued until the July 12, 1999 meeting.

**VI. Discussion and possible approval of proposed criteria for random selection of campaign committees for financial audit that will be based in part on the committees' level of financial activity.**

Ms. Vida stated that the Commission's current process for selecting campaign committees for audit had resulted in selection of some committees with little or no financial activity. Referring to a staff report included in today's agenda packet, she explained that the new process proposed by staff targets committees with higher levels of financial activity. She noted that the proposed selection process includes four levels of committee financial activity: (1) $400,000 or more, (2) $100,000 - $400,000, (3) $50,000 - $99,999 and (4) $20,000 - $49,999. Staff projected that it will audit 12 committees in FY 1998-99. Staff recommended that the 12 committees be selected from the above activity levels as follows: three committees (25 percent) from level (1); five committees (40 percent) from level (2), three committees (25 percent) from level (3), and one committee (10 percent) from level (4).

Ms. Vida also recommended that the audit pool be extended to include a wider range of committees and that the audit selection be performed at a public meeting of the Commission.

Commissioner Dockendorff inquired as to why committees with less than $20,000 were not included in activity level 4. Ms. Vida explained that staff had proposed $20,000 as an audit

threshold in order to focus the Commission's limited auditing resources (a single auditor) on committees with higher activity levels.

David Pilpel recommended that the Commission distinguish general purpose committees from candidate-controlled and ballot measure committees. He stated that candidate-controlled and ballot measure committees should be audited randomly because their activity is time limited (focused on an election). He said that general purpose committees should be audited periodically because they have ongoing activity.

Mr. Pilpel said that committees with less than $20,000 in activity should not be subject to audit at this time. He suggested that of the 12 committees projected for audit, one committee should be from level 1, four committees from level 2, three committees from level 3, and four committees from level 4. He recommended a greater focus on committees in levels 3 and 4 because committees in these two lower activity levels often operate without software and professional advice, and might therefore be more inclined to err in the reporting process.

After further discussion, the Commission agreed that committees with $1,000 – $19,999 in activity should be subject to audit. Accordingly, the Commission included an additional level encompassing that lower range of financial activity. The Commission also agreed to adjust the percentages of committees to be audited at each level.

**99-6-7-25 (Dockendorff/Melbostad) Moved, seconded and passed: That the Commission approve the following criteria for random selection of campaign committees: that candidate-controlled, ballot measure and general purpose committees will be subject to audit; that audit selection will be performed at public meetings of the Commission; and that selection of committees to be audited will be based in part on the committees' level of financial activity, as follows:**

| Financial activity level | | No. and % of the 12 committees to be audited from each level | |
|---|---|---|---|
| 1) | $400,000 or more | 2 | (16.7%) |
| 2) | $100,000 – $400,000 | 3 | (25%) |
| 3) | $50,000 - $99,999 | 3 | (25%) |
| 4) | $20,000 - $49,999 | 3 | (25%) |
| 5) | $1,000 - $19,999 | 1 | (8.3%) |
| | Total | 12 | (100%) |

**VII. Discussion and possible approval of proposed revised Lobbyist Manual, reflecting amendments approved earlier this year by the Board and the Mayor.**

Ms. Vida explained that the new Lobbyist Manual has been reorganized, shortened and redesigned for easier reading, reflecting the recently amended and clarified provisions of the Lobbyist Ordinance. Because the Ordinance is clearer, filers have fewer questions that need to be addressed in a manual, she said.

At the request of Commissioner Melbostad, Legal Analyst Peggy Ahn guided the commissioners through the new manual and forms, identifying significant changes.

Commissioner Melbostad asked whether the definition of "arranged by" was included in the Lobbyist Manual. Commissioner Melbostad requested clarity between the terms "arranged by"

and "at the behest of." After further discussion, the Commission agreed that these terms should be explained more specifically.

Anita Mayo, of Pillsbury, Madison and Sutro, requested that the total payments promised and received (Form 2A, page 1) for contract lobbyists be clarified. Ms. Mayo explained that a lobbyist contract signed in April may list payment for an entire year. Ms. Mayo said she was uncertain as to whether payments must be listed in the Lobbyist Quarterly Report for the entire year as payments promised or payments received during that reporting period. After further discussion, the Commission requested that section be changed to read "payment promised for services performed during the reporting period," subject to the City Attorney's review of previous Commission minutes.

Ms. Mayo requested that the quarterly reporting forms for each type of lobbyist be consistent with respect to requiring the name, title, and department of each City officer contacted by the lobbyist. The Commission agreed to make the reportable information consistent throughout the forms.

Ms. Mayo requested that the manual indicate which forms needed to be filed by the Contract Lobbyist, Business and Organization Lobbyist, and Expenditure Lobbyist for the Quarterly Report.

Ms. Mayo requested that the Commission not request a specific salary on the Report of Employment of City Officers (Form 2A, page. 8). The Commission agreed not to request a specific salary but rather to request salary ranges.

*Ms. Mayo also requested clarification in the Manual regarding the method of counting contacts for purposes of qualifying as a lobbyist, and the reporting of activity expenses when made to a family member of a City officer.*

Ms. Mayo requested that the manual clarify that lobbyists could terminate their registration if they fall under the increased activity thresholds, without first ceasing all lobbyist activity. Ms. Mayo stated that at a previous meeting the Commission had agreed to provide such clarification in the Lobbyist Manual. Chairperson Grant stated that the staff will review the minutes of previous meetings to determine the Commission's intent.

David Pilpel suggested that it would be helpful to cross-reference all political contribution forms. He requested that the forms require filers to include a committee's ID number along with the committee name.

Commissioner Melbostad inquired as to whether the Manual on page 4, paragraph 6 contradicts a previous Commission resolution that it is not the Commission's intent to regulate activities preempted by federal labor law, specifically, collective bargaining. After further discussion Chairperson Grant asked Deputy City Attorney Claire Sylvia to review the previous minutes and advise the Commission on what it had originally agreed to.

**99-6-7-26 (Grant/Dockendorff) Moved, seconded and passed: That the proposed revised Lobbyist Manual be approved subject to consistency with prior Commission decisions, and that the staff be authorized to make further non-substantive stylistic and technical changes as deemed appropriate.**

**VIII. Closed session pursuant to Ralph Brown Act Section 54957 and Sunshine Ordinance section 67.11, Personnel (performance evaluation, Executive Director, Ginny Vida)**

This item was continued until the July 12, 1999 meeting.

**IX. Discussion and possible Action re: Disclosure of closed session pursuant to Ralph Brown act 54957.1 and Sunshine Ordinance section 67.14**

**Motion: The Ethics Commission finds that it is in the best interests of the public (not) to disclose its closed session deliberation re: personnel (performance evaluation, Executive Director Ginny Vida)**

This item was continued until the July 12, 1999 meeting.

**X. Discussion of items for future agendas.**

Ms. Vida advised that the updated List of Commission Initiatives will be available in advance of the July 12,1999 meeting.

Ms. Vida suggested that the next agenda include an item to discuss holding a public hearing regarding the alleged harassment of Rescue Muni signature gatherers and the role of the Ethics Commission with respect to election practices.

Chairperson Grant appointed Commissioner Melbostad to review the status of union compliance with the Lobbyist Ordinance. Commissioner Melbostad requested that Commissioner Dockendorff assist him with this task.

**XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

There was no public comment.

**XII. Adjournment.**

The meeting was adjourned at 6:35p.m.

Respectfully Submitted,

_____

Armando Gomez
Elections Clerk

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**Ethics Commission**

1390 Market Street, Suite 801
San Francisco, CA 94102
Phone 554-9510 Fax 703-0121

# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

**Monday, July 12, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. Call to order and roll call

II. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and possible approval of minutes of the meeting of June 7, 1999

IV. Executive Director's report
A. Updates

1. Commission implementation of false endorsements legislation
2. Status of proposed Regulation 1-1-16.510-2 (re: political contribution "blackout" period applicable to prospective contractors during contract negotiations)
3. Annual budget for FY 99-00
4. Lifting the expenditure ceiling for November 1999 Mayoral election

B. Ongoing Programs and Activities

1. Investigation and enforcement program
2. Report on volume of calls received via the whistleblower hotline
3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests
8. Summer interns and volunteers

V. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 12, 1999

VI. Random selection of campaign committees for financial audit. The Commission will randomly select 12 committees for financial audit.

VII. Discussion and possible action re: Staff proposal concerning the Commission initiatives for the next six months.

(Please turn over for page 2)

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VIII. Closed session pursuant to Section 54957 of the Brown Act, and Section 67.11 of the Sunshine Ordinance. Performance evaluation, Executive Director Ginny Vida.

IX. Discussion of whether to disclose the Commission's closed session deliberations pursuant to Section 54957.1 of the Brown Act and Section 67.14 of the Sunshine Ordinance.

Motion: The Ethics Commission finds that it is in the best interests of the public (not) to disclose its closed session deliberations concerning the performance evaluation of Executive Director Ginny Vida.

X. Discussion of items for future agendas

XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

XII. Adjournment

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Ethics Commission

1390 Market Street, Suite 801
San Francisco, CA 94102
Phone 554-9510 Fax 703-0121

REVISED

# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

Monday, July 12, 1999, 5:00 p.m.

City Hall

One Dr. Carlton B. Goodlett Place, Room 408

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I. Call to order and roll call

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III. Discussion and possible approval of minutes of the meeting of June 7, 1999

IV. Executive Director's report
A. Updates

1. Commission implementation of false endorsements legislation
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B. Ongoing Programs and Activities

1. Investigation and enforcement program
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3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests
8. Summer interns and volunteers

V. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 12, 1999

VI. Random selection of campaign committees for financial audit. The Commission will randomly select 12 committees for financial audit.

VII. Discussion and possible action re: Staff proposal concerning the Commission initiatives for the next six months.

VIII. Possible closed session held pursuant to Charter section C3.699-13, Brown Act section 54956.9(c) and Sunshine Ordinance section 67.11 to discuss pending litigation

(Please turn over for page 2)

Conference with Legal Counsel: Anticipated Litigation as Plaintiff
Number of possible cases: 1

IX. Discussion and vote pursuant to Brown Act section 54957.1 and Sunshine Ordinance section 67.14 on whether to disclose action taken or discussions held in closed session.

Motion: The Charter provides that deliberations regarding complaints are confidential. Pursuant to section C3.699-13, the Ethics Commission finds that it is in the best interests of the public not to disclose its closed session deliberations re: pending litigation.

X. Closed session pursuant to Section 54957 of the Brown Act, and Section 67.11 of the Sunshine Ordinance. Performance evaluation, Executive Director Ginny Vida.

XI. Discussion of whether to disclose the Commission's closed session deliberations pursuant to Section 54957.1 of the Brown Act and Section 67.14 of the Sunshine Ordinance.

Motion: The Ethics Commission finds that it is in the best interests of the public (not) to disclose its closed session deliberations concerning the performance evaluation of Executive Director Ginny Vida.

XII. Discussion of items for future agendas

XIII. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

XIV. Adjournment

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(Approved 8/9/99)

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**Minutes of the**
**San Francisco Ethics Commission**
**Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**July 12, 1999, 5:00 p.m.**

**I. Call to Order and Roll Call.**
Commission Chair Isabella H. Grant called the meeting to order at 5:10 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Carol M. Kingsley, Commissioner; Paul H. Melbostad, Commissioner. Commissioners Henri E. Norris and Robert D. Dockendorff were excused.

**STAFF PRESENT:** Ginny Vida, Executive Director; Peggy Ahn, Ethics Investigator/Legal Analyst; Joe Lynn, Campaign Finance Officer; Shaista Shaikh, Campaign Finance Auditor; Andrew Massey, Intern; Jane Zhang, Intern; Ben Matranga, Intern; Katherine Chan, Intern; Tina Tan, Intern.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney

**OTHERS PRESENT:** Charles Marsteller, SF Common Cause; Anita Mayo, Pillsbury Madison & Sutro; David Pilpel, Sunshine Ordinance Task Force; Sean Elsbernd, Nielsen, Merksamer, et al; Al Rose, FDR Newsletter.

**MATERIALS DISTRIBUTED:**
SF Ethics Commission Agenda, July 12, 1999
Draft Minutes of the SF Ethics Commission Meeting of June 7, 1999
Approved Minutes of the SF Ethics Commission Meeting of May 10, 1999
Executive Director's Report, July 12, 1999
Memo to Ethics Commission Members from Ginny Vida, Executive Director, re Proposed Commission Initiatives for the Next Six Months, dated July 9, 1999
List of Proposed Initiatives
Memo to Chairperson Grant from Common Cause re: Common Cause Recommendation that the Ethics Commission seek voter authority to submit its budget directly to the Board of Supervisors
Press Release, "SF Ethics Commission Announces That Voluntary Spending Limit Has Been Lifted for Mayoral Candidates In November Election," June 23, 1999
Press Release, "SF Ethics Commission Introduces New Internet-Based Electronic Filing Program for Campaign Finance Statements," July 1, 1999
Press Release, "SF Ethics Commission Releases Second Quarter 1999 Report on Campaign Consultant Activity," July 2,1999
"Spending Limits Lifted in S.F. Mayor's Race; Brown Challenger's Early Splurge Nullifies Curbs," SF Chronicle, June 24, 1999
"Reilly Move Kicks in Provision That Makes $600,000 Limit Meaningless," SF Examiner, June 24, 1999
"Petitions Filed for Three SF Ballot Initiatives; ATM Fees are Hot Issue in November," SF Chronicle, July 6, 1999

**II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

Charles Marsteller of SF Common Cause stated that should the Board of Supervisors fail to adopt the recommendations of the Finance Committee regarding increased staffing and Phase II implementation of Electronic Filing, the Commission might consider taking a budget ordinance to the voters. Mr. Marsteller also recommended that the Ethics Commission seek voter authority to submit its budget directly to the Board of Supervisors.

Al Rose, representing the FDR State University Newsletter, praised and thanked the Commission for the assistance it offers the public. He urged the Commission to televise its meetings.

David Pilpel of the Sunshine Task Force urged the Commission and staff to review the Sunshine Ordinance Initiative, which he said would substantially alter the City's Sunshine Ordinance. Mr. Pilpel stated that currently he neither supports nor opposes the Sunshine Ordinance Initiative.

Commissioner Paul H. Melbostad asked Deputy City Attorney Claire Sylvia if it is appropriate for the Ethics Commission to study and comment on an initiative. Ms. Sylvia confirmed that the Ethics Commission may comment on the effect of the proposed initiative but that the Commission may not advocate for or against the proposed initiative.

**III. Discussion and possible approval of minutes of the meetings of June 7, 1999**

Anita Mayo, of Pillsbury, Madison and Sutro, requested that the following language be added to page 4 of the minutes:

> Anita Mayo also requested clarification in the Manual regarding the method of counting contacts for purposes of qualifying as a lobbyist, and the reporting of activity expenses when made to a family member of a City officer.

The Commission agreed to include this information.

**99-7-12-27 (Melbostad/Kingsley) Moved, seconded and passed: That the minutes of the June 7, 1999 meeting be approved as amended.**

**IV. Executive Director's Report**

Ginny Vida reported that Finance Committee has proposed additional funding for the Ethics Commission in the FY 99-00 budget. This includes $20,000 to increase the Commission's Elections Clerk position from half time to full time, and $50,000 to fund a work order to the Department of Telecommunications and Information Services for an electronic filing program for quarterly reports filed by lobbyist and campaign consultants. She advised that the Board of Supervisors will adopt a final budget on July 19, 1999.

The Commission directed Ms Vida to send a memo to the full Board requesting support of the Finance Committee's proposed additions for the Commission's budget. Commissioner Melbostad asked that Ms. Vida also personally contact members of the Board who have expressed interest in the Ethics Commission's budget and activities in the past.

Ms. Vida introduced the Commission's five summer interns. Andrew Massey, a history major at UC Berkeley, is assisting Joe Lynn with the electronic filing program for campaign statements. Ben Matranga, a high school student at St. Ignatius College Preparatory, is assisting Ms. Vida with the annual report and will be assisting Peggy Ahn with the lobbyist report. Catherine Chan, an MIS graduate student at Sacramento State University, is reviewing the technical needs of the Commission. Jane Zhang, an Economics major at Stanford University, is assisting with the auditing program. Tina Tan, a student at Galileo High School, has been with the Commission since February and is assisting with general office duties.

Ms. Vida stated that the new electronic filing program for campaign finance statements is being implemented. A number of campaign treasurers have already been trained and signed on to the system. Ms. Vida noted that initial feedback regarding the filing program has been positive.

Joe Lynn advised that on Friday at 1:30 P.M., July 16, he will conduct a workshop at 875 Stevenson (DTIS) to demonstrate to the public and press the potential of the new program.

Mr. Marsteller stated that Common Cause has notified the Finance Committee that the Commission has five interns. Mr. Marsteller said that the Commission's use of interns to enhance productivity will add to the Commission's credibility when its budget comes before the full Board.

David Pilpel suggested that the Commission publish on its web site the names of City officials who have not submitted their Statements of Economic Interests. He also suggested posting the names of committees whose filings have not been received.

Ms. Vida advised that all department heads have filed their SEIs. She said that the Commission will contact the Mayor's Office and other appointing authorities regarding their appointees' failure to file.

**V. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 12, 1999**

This item was continued until the September 1999 meeting.

**VI. Random selection of campaign committees for financial audit.**

The Commission selected 12 committees for financial audit, in accordance with the new audit selection process approved at its June meeting. Ms. Vida noted that the new audit selection process focuses greater priority on committees with higher levels of financial activity. The committees are grouped according to five levels of financial activity.

Level One. Of four committees with financial activity of $400,000 or more, two committees were randomly selected for financial audit:

1. San Franciscans for Better Parks, Yes on Prop J — ID No. 980887
2. Coalition to Take Back Our Homes Rental Housing Expansion Reform, Yes on E — ID No. 960695

Level Two. Of 12 committees with financial activity from $100,000 to $399,999, three committees were randomly selected for financial audit:

1. Committee to Elect Supervisor Mark Leno ID No. 981314
2. Donna Casey for Supervisor ID No. 980991
3. Supervisor Gavin Newsom Campaign Committee ID. No. 981165

Level Three. Of 12 committees with financial activity from $50,000 to $99,999, three committees were randomly selected for financial audit:

1. Committee to Save the Central Freeway, No on E ID No. 970749
2. San Franciscans to Protect Future Generations ID No. 981408
3. San Franciscans to Elect Ash Bhatt Committee ID No. Pending

Level Four. Of 24 committees with financial activity from $20,000 to $49,999, three committees were randomly selected for financial audit:

1. Committee to Elect Andrea D. Shorter to Community College Board ID No. 980608
2. Rescue Paramedics, Yes on C Committee ID No. 982589
3. Alice B. Toklas Democratic Club Issues PAC ID No. 970661

Level Five. Of 27 committees with financial activity from $1,000 to $19,999, one committee was randomly selected for financial audit:

1. District 8 Democratic Club ID No. 791839

**VII. Discussion and possible action re: Staff proposal concerning the Commission initiatives for the next six months**

Ms. Vida referred to her memo of July 9, 1999, outlining her recommendation for priority initiatives during the next six months. Ms. Vida recommended: 1) Review of all local conflict of interest laws and departmental rules regarding incompatible activities; and
2) Review of the Whistleblower Ordinance (Improper Government Activities Ordinance).

With respect to Item 1 above, Ms. Vida said that it is important to review, clarify and strengthen local conflict of interest laws. She noted that the Commission has not been able to take enforcement action with respect to a number of complaints alleging conflicts of interest because the conduct complained of is not prohibited by law. Ms. Vida stated that review of these laws would enable the Commission to close loopholes and create a more effective investigation and enforcement program. Ms. Vida noted that this project would involve reviewing and analyzing local laws as well as pertinent laws in other jurisdictions. This will take several months but will be well worth the effort, she said.

Ms. Vida stated that the Commission has authority to review departmental rules regarding incompatible activities. Ms. Vida recommended that the Commission exercise its authority in this important area. She noted that this is a Commission mandate under the Charter.

With respect to Item 2 above, Ms. Vida stated that the Commission's enforcement authority under the Whistleblower Ordinance needs to be clarified and expanded. She explained that currently the Commission's enforcement authority is limited to complaints alleging retaliation against

Whistleblowers. Ms. Vida said that the Commission should have authority to both investigate and enforce complaints alleging misuse of City resources.

The Commission agreed that Ms. Vida's recommendations for priority initiatives should be implemented. In addition, the Commission requested that the staff issue a press release announcing the approved initiatives.

Commissioner Melbostad recommended sending out a memo to community groups, City departments, and City commissions inquiring about conflict of interest problems. He also stated that he would like the staff and the Commission to address other initiatives during the coming months.

Chairperson Grant stated that a discussion of Commission initiatives should occur at each meeting.

Ms. Vida noted that one initiative proposal authorizing the Commission to require campaign consultants and lobbyists to file electronically is ready for Commission review. Ms. Vida explained that this proposal would be submitted when funding for an electronic filing program is authorized.

Commissioner Melbostad reported that he and Commissioner Dockendorff would be meeting with Bob Boileau of the Labor Council to discuss registration of unions as lobbyists. Commissioner Melbostad stated that he would report to the Commission at the next meeting.

**VIII. Possible closed session held pursuant to Charter section 3.699-13, Brown Act section 54956.9(c) and Sunshine Ordinance section 67.11 to discuss pending litigation**

**Conference with legal counsel: Anticipated litigation as plaintiff**
**Number of possible cases: 1**

The following motion was approved unanimously.

**Motion 99-07-12-28 (Melbostad/Kingsley) Moved, seconded, and passed: That the Commission conduct a closed session.**

The Commission adjourned into closed session.

**IX. Discussion and vote pursuant to Brown Act section 54957.1 and Sunshine Ordinance section 67.14 on whether to disclose action taken or discussions held in closed session.**

**Motion 99-07-12-29 (Melbostad/Kingsley) Moved, seconded and passed: The Ethics Commission finds that it is in the best interests of the public not to disclose its closed session deliberations re: litigation.**

**X. Closed session pursuant to Section 54957 of the Brown Act and Sunshine Ordinance section 67.11. Performance evaluation, Executive Director Ginny Vida.**

This item was continued until the September 1999 meeting.

**XI. Discussion of items for future agendas**

There was no discussion of items for future agendas.

**XII. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

There was no public comment.

**XIII. Adjournment**

The meeting was adjourned at 6:45 p.m.

Respectfully submitted,

_____
Shaista Shaikh
Campaign Finance Auditor

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Ethics Commission

1390 Market Street, Suite 801
San Francisco, CA 94102
Phone 554-9510 Fax 703-0121

REVISED

# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

Monday, August 9, 1999, 5:00 p.m.

City Hall

One Dr. Carlton B. Goodlett Place, Room 408

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I. Call to order and roll call

II. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and possible approval of minutes of the meeting of July 12, 1999

IV. Executive Director's report

A. Updates

1. Commission implementation of false endorsements legislation
2. Commission implementation of Regulation 1-1-16.510-2 (re: political contribution "blackout" period applicable to prospective contractors during contract negotiations)
3. Additional funds approved for FY 99-00 annual budget
4. Press release announcing Commission initiatives
5. Staff positions: Appointment of Elections Clerk Class 1403 and Ethics Investigator/Legal Analyst

B. Ongoing Programs and Activities

1. Investigation and enforcement program
2. Report on volume of calls received via the Whistleblower hotline
3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests

V. Report by Commissioner Melbostad concerning his communication with union representatives regarding compliance with the Lobbyist Ordinance.

VI. Discussion and approval of proposed process for appointment of an Ethics Investigator/Legal Analyst.

Motion: The Executive Director may select a candidate for the position of Ethics Investigator/Legal Analyst and fax the selected candidate's resume to the Commission members; if no Commissioner, within three days of receiving the resume, requests that the matter be deferred until the September meeting, the candidate will be deemed approved by the Commission.

(Please turn over for page 2)

VII. Discussion and possible adoption of proposed Regulation 1-1-16.522(a) specifying that lobbyists must register with the Ethics Commission no later than 10 days after the date of qualification.

VIII. Discussion and possible adoption of proposed Regulation 1-1-16.543(d) permitting campaign consultants to file client authorization statements via fax.

IX. Discussion and possible recommendation that the Board of Supervisors authorize the Ethics Commission to require electronic filing of registration, re-registration and quarterly reports by lobbyists and campaign consultants.

X. Discussion and possible approval of proposed text of ballot argument in support of measure previously submitted to the voters by the Ethics Commission.

XI. Possible closed session held pursuant to Charter section C3.699-13, Brown Act section 54956.9(c) and Sunshine Ordinance section 67.11 to discuss pending litigation

XII. Conference with Legal Counsel: Anticipated Litigation as Plaintiff
Number of possible cases: 1

XIII. Discussion and vote pursuant to Brown Act section 54957.1 and Sunshine Ordinance section 67.14 on whether to disclose action taken or discussions held in closed session.

Motion: The Charter provides that deliberations regarding complaints are confidential. Pursuant to section C3.699-13, the Ethics Commission finds that it is in the best interests of the public not to disclose its closed session deliberations re: pending litigation.

XIV. Discussion of items for future agendas

XV. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

XVI. Adjournment

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Ethics Commission

1390 Market Street, Suite 801
San Francisco CA 94102
Phone 554-9510 Fax 703-0121

# SAN FRANCISCO ETHICS COMMISSION
# NOTICE OF SPECIAL MEETING AND AGENDA
## FOR
## Monday, August 23, 1999, 5:00 P.M.
## City Hall
## 1 Dr. Carlton B. Goodlett Place, Room 408

I. Call to order and roll call

II. Discussion and possible approval of draft rebuttal to the Opponent's Argument concerning Proposition K, a ballot measure proposed by the Ethics Commission for the November 1999 ballot

III. Adjournment

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**Minutes of the**
**San Francisco Ethics Commission**
**Special Meeting**
**City Hall, One Dr. Carlton B. Goodlett Place, Room 408**
**August 23, 1999, 5:00 p.m.**

A special meeting of the Ethics Commission was convened to consider approval of a draft Rebuttal to the Opponent's Argument against Proposition K, the measure proposed by the Commission for the November 1999 ballot.

**I. Call to Order and Roll Call.**
Commission Vice-Chair Henri E. Norris called the meeting to order at 5:05 p.m.

**COMMISSION MEMBERS PRESENT:** Henri E. Norris, Vice-Chair; Robert D. Dockendorff, Commissioner; Carol M. Kingsley, Commissioner; Paul H. Melbostad, Commissioner. Commission Chair Isabella H. Grant was excused.

**STAFF PRESENT:** Ginny Vida, Executive Director; Naomi Starkman, Deputy Executive Director; Joe Lynn, Campaign Finance Officer; Shaista Shaikh, Campaign Finance Auditor.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney.

**OTHERS PRESENT:** David Pilpel, Sunshine Ordinance Task Force.

**MATERIALS DISTRIBUTED:**

SF Ethics Commission Special Meeting Agenda, August 23, 1999
Proponent's Argument in support of Proposition K (concerning November 1999 ballot measure submitted by the SF Ethics Commission)
Opponent's Argument against Proposition K
Alternative Drafts "A" and "B" of Proponent's Rebuttal to the Opponent's Argument against Proposition K

**II. Discussion and possible approval of draft rebuttal to the Opponent's Argument concerning Proposition K, a ballot measure proposed by the Ethics Commission for the November 1999 ballot**

Commissioner Paul H. Melbostad stated that the Opponent's Argument concerning Proposition K inaccurately suggests that Proposition K: 1) lifts certain campaign finance restrictions; and 2) was sponsored by entities other than the San Francisco Ethics Commission.

Executive Director Ginny Vida proposed adoption of the "Draft B" Proponent's Rebuttal to the Opponent's Argument. Ms. Vida noted that the draft Rebuttal is responsive to points raised in the Opponent's Argument and that the draft Rebuttal focuses attention on the purpose of Proposition K.

David Pilpel of the Sunshine Ordinance Task Force suggested that the words "and solely" be removed from the last sentence of the Argument. Mr. Pilpel also suggested that the words "proposed by"—rather than "proposed and sponsored by"—would more appropriately convey a sense of the Commission's neutrality.

After some discussion, the Commission approved the attached text of the Rebuttal. In response to Mr. Pilpel's question about the length of the argument, the Commission determined that the argument was the appropriate length.

**Motion 99-08-23-37 (Kingsley/Dockendorff) Moved, seconded and passed: That the Proponent's Rebuttal to the Opponent's Argument concerning Proposition K for the November 2, 1999 election be approved as amended.**

Ms. Vida advised that the approved Rebuttal would be delivered to the Department of Elections the next day, August 24, prior to the 12:00 noon deadline.

III. Adjournment

**Motion 99-08-23-38 (Melbostad/Kingsley) Moved, seconded and passed: That the meeting be adjourned.**

The meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Shaista Shaikh

Shaista Shaikh
Campaign Finance Auditor

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## SAN FRANCISO ETHICS COMMISSION

### REBUTTAL TO OPPONENT'S ARGUMENT: PROPOSITION K

The Opponent's Argument does not address the issues set forth in the proposed ballot measure, Proposition K.

The Opponent's Argument suggests that the proposed measure fails to address spending by "independent committees." The limited purpose of Proposition K is to adjust the voluntary spending limits for supervisorial candidates, in light of the impending change to district elections. The Ethics Commission heard extensive public testimony and carefully researched the cost of conducting elections in San Francisco. The Commission determined that the proposed voluntary spending limits set forth in Proposition K are sufficient for a candidate for the Board of Supervisors to communicate his or her message to the voters at the district level.

The Opponent's Argument also appears to suggest that the measure is sponsored by a political party, candidate or corporate donor. Proposition K was proposed solely by the San Francisco Ethics Commission, not by any political party, candidate or corporate donor.

San Francisco Ethics Commission
of the City and County of San Francisco

Ethics Commission

1390 Market Street, Suite 801
San Francisco, CA 94102
Phone 554-9510 Fax 703-0121

## NOTICE OF SPECIAL MEETING

# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

**Thursday, September 23, 1999, 5:00 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. Call to order and roll call

II. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and possible approval of minutes of the meetings of August 9, 1999 and August 23, 1999

IV. Executive Director's report
A. Updates

1. Advice letters issued
2. Commission implementation of Regulation 1-1-16.510-2 (re: political contribution "blackout" period applicable to prospective contractors during contract negotiations)
3. Staff positions: Appointment of Ethics Investigator/Legal Analyst
4. Public presentations re: Proposition K (November 1999 ballot measure proposed by the Ethics Commission) and the work of the Commission

B. Ongoing Programs and Activities

1. Investigation and enforcement program
2. Report on volume of calls received via the Whistleblower hotline
3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests

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V. Discussion and possible approval of proposed format(s) to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and proposed request for supplemental appropriation to implement new or revised electronic format(s).

(1) Motion that the Ethics Commission adopt the CAL and X-12 formats for electronic filing of campaign statements submitted by candidates and committees, and that the Commission request a supplemental appropriation in an amount of $31,240 to fund a work

(Please turn over for page 2)

order to the Department of Telecommunications and Information Services (DTIS) to implement the CAL and X-12 formats by April 1, 2000; and that the Commission suspend use of the current EFPOC format when the CAL and X-12 formats are ready.

OR

(2) Motion that the Ethics Commission continue to use the EFPOC format for electronic filing of campaign statements submitted by candidates and committees, and that the Commission request a supplemental appropriation in an amount of $10,000 to fund a work order to DTIS to implement enhancements to the EFPOC format by April 1, 2000.

VI. Discussion and possible action re: Request by Supervisor Leno, dated 9/14/99, that the Department of Elections and the Ethics Commission design a program which would allow for formally City-sponsored debates and/or Internet accessible forums for all candidates for City offices and to provide a report to the Board of Supervisors within 90 days describing such program.

VII. Report by Commissioner Melbostad, discussion and possible action re: matters discussed at a meeting with a representative of the San Francisco Labor Council on July 29, 1999, concerning the Labor Council's proposed amendments to the Lobbyist Ordinance

VIII. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 1, 1999

IX. Possible closed session pursuant to Ralph Brown Act, Section 54957 and Sunshine Ordinance section 67.11, Personnel (performance evaluation, Executive Director Ginny Vida)

X. Discussion and Possible Action re: Disclosure of closed session pursuant to Ralph Brown Act section 54957.1 and Sunshine Ordinance section 67.14

Motion that the Ethics Commission finds that it is in the best interests of the public (not) to disclose its closed session deliberations re: personnel (performance evaluation, Executive Director Ginny Vida).

XI. Conference with the City Attorney – Litigation

Motion that the Ethics Commission convene in closed session with the City Attorney for the purpose of conferring or receiving advice from the City Attorney regarding the following litigation: San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).

XII. Discussion and vote on whether to disclose action taken or discussions held in closed session.

(1) Motion that the Ethics Commission finds that it is in the best interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.

(continued on page 3)

OR:

**(2) Motion that the Ethics Commission finds that it is in public interest to disclose information discussed in closed session, and directs the Chairperson to immediately disclose that information.**

**XIII. Discussion of items for future agendas**

**XIV. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

**XV. Adjournment**

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(Approved, 10/6/99)

**Minutes of the**
**San Francisco Ethics Commission**
**Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**September 23, 1999, 5:00 p.m.**

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**I. Call to order and roll call.**

Commission Chair Isabella Grant called the meeting to order at 5:10 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Henri E. Norris, Vice-Chairperson ; Carol M. Kingsley, Commissioner; Robert D. Dockendorff, Commissioner; Paul H. Melbostad, Commissioner.

**STAFF PRESENT:** Ginny Vida, Executive Director; Naomi Starkman, Deputy Executive Director; Joe Lynn, Campaign Finance Officer; Katherine Havener, Ethics Investigator/Lega Analyst; Armando Gomez, Elections Clerk; Tina Tan, Intern.

**OFFICE OF THE CITY ATTORNEY:** Julie Moll, Deputy City Attorney

**OTHERS PRESENT**: Charles Marsteller, SF Common Cause; Anita Mayo, Pillsbury Madison & Sutro; David Pilpel, Sunshine Ordinance Task Force.

**MATERIALS DISTRIBUTED:**
SF Ethics Commission Agenda, September 23, 1999
Draft Minutes of the SF Ethics Commission Meeting of August 23, 1999
Draft Minutes of the SF Ethics Commission Meeting of August 9, 1999
Executive Director's Report, September 23, 1999
Advice Letter from the Ethics Commission to Peter A. Bagatelos, August 20, 1999
Advice Letter from the Ethics Commission to James R. Sutton, August 16, 1999
Memo to Ethics Commission Members from Ginny Vida concerning New FPPC Consolidated Form and Secretary of State Electronic Formats, September 20, 1999
Steven J. Castleman's Candidate's Notice, September 21, 1999
"Letters to the Editor," SF Chronicle, August 20, 1999
Fax from Supervisor Mark Leno to Ginny Vida re: request for report on debate format, September 24, 1999
"San Francisco Boardwatch," SF Chronicle, September 14, 1999
"Chaos surrounds mayoral debate," SF Examiner, September 9, 1999
"Donor's millions burnish mayor," SF Examiner, September 20, 1999
"Web site offers answers to S.F. election questions," SF Examiner, September 21, 1999
"San Francisco Urged to Appeal Court Decision Lifting Contribution Limits," Common Cause September 21, 1999
Flyer for Commonwealth Club program featuring Elizabeth Drew, *The Corruption of American Politics*

"Impact Assessment" by Department of Telecommunications and Information Services, September 15, 1999, (re: cost estimates for of implementation of revised or new electronic filing formats )

**II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

David Pilpel inquired as to the Commission's new advice letter on the Campaign Consultant Ordinance. Deputy Executive Director Naomi Starkman asked him to submit his question in writing.

**III. Discussion and possible approval of minutes of the meetings of August 9, 1999 and August 23, 1999**

**99-9-23-31 (Kingsley/Dockendorff) Moved, seconded and passed: That the minutes of the August 9, 1999, meeting be approved.**

**99-9-23-32 (Kingsley/Dockendorff) Moved, seconded and passed: That the minutes of the August 23, 1999, meeting be approved.**

**IV. Executive Director's report**

Executive Director Ginny Vida introduced Katherine Havener, the Commission's new Ethics Investigator/Legal Analyst.

Ms. Vida also reported that the Commission had lifted the expenditure ceiling on the District Attorney's election following notification by the campaign of Steven Castleman that, as a candidate who did not accept the voluntary spending limit, Mr. Castleman had exceeded the 50 percent threshold for the voluntary spending limit for the office of District Attorney.

Charles Marsteller, representing Common Cause, reported that the National Women's Political Caucus had endorsed Proposition K, the Commission's ballot measure proposing new expenditure ceilings for district supervisorial elections in 2000.

Mr. Pilpel reported that the new Voter Information Pamphlet does not indicate how each member of the Ethics Commission voted when the Commission approved submission of Proposition K for the November 1999 ballot.

**V. Discussion and possible approval of proposed format(s) to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and proposed request for supplemental appropriation to implement new or revised electronic format(s).**

This matter was continued to the October 6 meeting.

**VI. Discussion and possible action re: Request by Supervisor Leno, dated 9/14/99, that the Department of Elections and the Ethics Commission design a program which would allow for formally City-sponsored debates and/or Internet accessible forums for all candidates for City offices and to provide a report to the Board of Supervisors within 90 days describing such program.**

Ms. Vida reported that she and Naomi Nishioka, Acting Director of the Department of Elections, will meet with Supervisor Mark Leno on September 24 to discuss his request that the Department of Elections and the Ethics Commission prepare a report recommending debate formats for supervisorial elections in 2000. Commissioner Paul Melbostad reported that Supervisor Leno had informed him that he would like to see what kind of debate format the public wants.

Mr. Pilpel urged that the Commission consider its jurisdictional limits in responding to Supervisor Leno's request. Ms. Vida stated that the Commission would consider its jurisdiction in exploring this matter.

**VII. Report by Commissioner Melbostad, discussion and possible action re: matters discussed at a meeting with a representative of the San Francisco Labor Council on July 29, 1999, concerning the Labor Council's proposed amendments to the Lobbyist Ordinance**

This matter was continued to the October meeting.

**VIII. Nomination and election of Commission Chairperson and Vice-Chairperson to one-year terms commencing July 1, 1999**

Nominations were opened for the office of Chairperson for a one-year term. Commissioner Melbostad nominated Commissioner Isabella Grant for the office of Chairperson. Commissioner Grant accepted the nomination. No other nominations were made for the office of Chairperson. The nominations were closed. Commissioner Isabella Grant was elected Chairperson of the Ethics Commission by unanimous vote.

Nominations were then opened for the office of Vice Chairperson of the Ethics Commission for a one-year term. Commissioner Carol Kingsley nominated Commissioner Henri Norris for the position of Vice Chairperson. Commissioner Norris accepted the nomination. Commissioner Norris was elected Vice Chairperson of the Ethics Commission by unanimous vote.

**IX. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

In reference to closed session agenda item X, Mr. Pilpel urged the Commission to go forward with the appeal in the case brought by San Franciscans for Sensible Government.

Also in reference to closed session item X, Mr. Marsteller stated that the full board of Common Cause will study filing an amicus brief in support of the City's Campaign Finance Reform Ordinance.

X. **Conference with the City Attorney – Litigation**

**Motion that the Ethics Commission convene in closed session with the City Attorney for the purpose of conferring or receiving advice from the City Attorney regarding the following litigation: San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).**

The Commission adjourned to closed session at 5:30 p.m.

**XI. Discussion and vote on whether to disclose action taken or discussions held in closed session.**

Moved, **seconded and passed: that the Ethics Commission finds that it is in the best interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.**

**XII. Possible closed session pursuant to Ralph Brown Act, Section 54957 and Sunshine Ordinance section 67.11, Personnel (performance evaluation, Executive Director Ginny Vida)**

The Commission adjourned to closed session at 6:45 p.m.

**XIII. Discussion and Possible Action re: Disclosure of closed session pursuant to Ralph Brown Act section 54957.1 and Sunshine Ordinance section 67.14**

Commission Chair Grant announced that the Commission has decided to continue Ms. Vida's employment as Executive Director.

**XIV. Discussion of items for future agendas**

The Commission scheduled its next meeting for Wednesday, October 6, and the following meeting for Monday, November 8. The staff will survey Commission members to identify a date for the December meeting.

**XV. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

There was no further public comment.

**XVI. Adjournment**

The meeting was adjourned at 6:50 p.m.

Respectfully submitted,

Jog Lynn
Campaign Finance Officer

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Ethics Commission

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## NOTICE OF SPECIAL MEETING

# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

**Wednesday, October 6, 1999, 5:30 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. Call to order and roll call

II. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

III. Discussion and possible approval of minutes of the meeting of September 23, 1999

IV. Executive Director's report
A. Updates

1. Public presentations

B. Ongoing Programs and Activities

1. Investigation and enforcement program
2. Report on volume of calls received via the Whistleblower hotline
3. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests

V. Discussion and possible approval of proposed format(s) to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and proposed request for supplemental appropriation to implement new or revised electronic format(s).

(1) Motion that the Ethics Commission adopt the .CAL and X-12 formats for electronic filing of campaign statements submitted by candidates and committees, and that the Commission request a supplemental appropriation in an amount of $31,240 to fund a work order to the Department of Telecommunications and Information Services (DTIS) to implement the .CAL and X-12 formats by April 1, 2000; and that the Commission suspend use of the current EFPOC format when the .CAL and X-12 formats are ready.

OR

(2) Motion that the Ethics Commission continue to use the EFPOC format for electronic filing of campaign statements submitted by candidates and committees, and that the Commission request a supplemental appropriation in an amount of $10,000 to fund a work order to DTIS to implement enhancements to the EFPOC format by April 1, 2000.

(Please turn over for page 2)

VI. Discussion and possible action re: Request by Supervisor Leno, dated 9/14/99, that the Department of Elections and the Ethics Commission design a program to allow for formally City-sponsored debates and/or Internet accessible forums for all candidates for City offices and to provide a report to the Board of Supervisors within 90 days describing such program.

VII. Report by Commissioner Melbostad, discussion and possible action re: matters discussed at a meeting with a representative of the San Francisco Labor Council on July 29, 1999, concerning the Labor Council's proposed amendments to the Lobbyist Ordinance.

VIII. Conference with the City Attorney – Litigation

Motion that the Ethics Commission convene in closed session with the City Attorney for the purpose of conferring or receiving advice from the City Attorney regarding the following litigation: (1) Clinton Reilly, Clinton Reilly for Mayor, and Fred A. Rodriguez v. Louise Renne and the City and County of San Francisco (no case number has been assigned); and (2) San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).

IX. Discussion and vote on whether to disclose action taken or discussions held in closed session.

(1) Motion that the Ethics Commission finds that it is in the best interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.

OR:

(2) Motion that the Ethics Commission finds that it is in public interest to disclose information discussed in closed session, and directs the Chairperson to immediately disclose that information.

X. Discussion of items for future agendas

XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

XII. Adjournment

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(Approved11/8/99)

**Minutes of the**
**San Francisco Ethics Commission**
**Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**October 6, 1999, 5:30 p.m.**

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**I. Call to order and roll call.**

Commission Chair Isabella Grant called the meeting to order at 5:35 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Carol M. Kingsley, Commissioner; Robert D. Dockendorff, Commissioner; Paul H. Melbostad, Commissioner, Vice-Chairperson Henri E. Norris was excused.

**STAFF PRESENT:** Ginny Vida, Executive Director; Naomi Starkman, Deputy Executive Director; Joe Lynn, Campaign Finance Officer; Katherine Havener, Ethics Investigator/Legal Analyst; Armando Gomez, Elections Clerk; Tina Tan, Intern.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney

**OTHERS PRESENT**: Supervisor Mark Leno, S.F. Board of Supervisors; Charles Marsteller, S.F. Common Cause; Anita Mayo, Pillsbury Madison & Sutro; David Pilpel; Myrna Lopez, Mayor's Budget Office; Robert Boileau, S.F. Labor Council; Sean Elsbernd, Nielsen, Merksamer; Holli Thier and Dr. Allyson Washburn, League of Women Voters; Rod Loucks, Department of Telecommunications and Information Services.

**MATERIALS DISTRIBUTED:**
S.F. Ethics Commission Agenda, October 6, 1999
Draft Minutes of the S.F. Ethics Commission Meeting of September 23, 1999
Approved Minutes of the S.F. Ethics Commission Meeting of August 23, 1999
Executive Director's Report, October 6, 1999
Memo to Ethics Commission Members from Ginny Vida re: Issues Concerning New FPPC Form and Secretary of State Formats
Memo to Commissioner Dockendorff from Bob Boileau, SF Labor Council, Re: Proposed Amendments to Lobbyist Ordinance
Introduction Form sponsored by Supervisor Mark Leno re: request for S.F. Ethics Commission to report on debate format
S.F. Ethics Commission Web Statistical History
"Jordan's Comeback Campaign: Low-Key Style, Low in Polls," San Francisco Examiner, September 23, 1999
"Hallinan Leads in Fund Raising," San Francisco Examiner, September 24, 1999
"Ammiano Says S.F. Should Pay Campaign Costs Complex Contribution Rules Prompt Proposal" San Francisco Chronicle, October 2, 1999
"City Losing Money on Parking Tickets," San Francisco Examiner, October 5, 1999
"SF Supervisors," San Francisco Examiner, October 5, 1999

II. **Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

There was no public comment.

III. **Discussion and possible approval of minutes of the meeting of September 23, 1999**

**99-10-06-33 (Dockendorff/Kingsley) Moved, seconded and passed: That the minutes of the September 23, 1999 be approved.**

IV. **Executive Director's report**

Executive Director Ginny Vida reported that Ethics Investigator/Legal Analyst Katherine Havener conducted a workshop for lobbyists on how to comply with the Lobbyist Ordinance.

Ms. Vida also reported that the Commission's website had over 73,000 "hits" during the month of August. Rod Loucks of the Department of Telecommunications and Information Services ("DTIS") noted that no other City Department has had such a dramatic increase in hits.

Ms. Vida reported that the Fair Political Practices Commission ("FPPC") and the Ethics Commission recently co-sponsored a workshop on campaign finance statements for filing officers. Following the FPPC presentation, Campaign Finance Officer Joe Lynn demonstrated the Commission's On-Line Filing System. Mr. Lynn noted that representatives of other jurisdictions have inquired as to whether the Commission's system could be made available for their use. Ms. Vida advised that Mr. Lynn will host a media demonstration of the website's new "search and sort" mechanism on Friday October 7, at 2 p.m.

V. **Discussion and possible approval of proposed format(s) to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and proposed request for supplemental appropriation to implement new or revised electronic format(s).**

Ms. Vida explained that the FPPC is consolidating three of its campaign finance forms. Forms 419, 420, and 490 will be replaced by the new form 460. Ms. Vida advised that in order to continue to accept electronic filings, the Commission needs to revise or replace its electronic format to accommodate the new form. She explained that the Commission currently requires electronic files to be submitted in an "EFPOC" format. She further explained that two other formats have been adopted by the Secretary of State's Office: the ".Cal" (a state standard) and the "X-12" format (a national standard).

Ms. Vida said that revising the EFPOC format would require a $10,000 supplemental appropriation. In the alternative, the Commission could adopt the .Cal and X-12 formats. Ms. Vida explained that adoption of these formats would require a $31,240 supplemental appropriation. Ms. Vida recommended that the Commission adopt and implement the .Cal and X-12 formats. Ms. Vida explained that adopting both formats would make the On-Line Filing System more marketable and would accommodate filings from campaign committees that use commercial vendors.

Commissioner Robert D. Dockendorff stated that the Commission should not bear of the cost of accommodating commercial vendors and their clients. He stated that the commercial vendors should accommodate the Commission's EFPOC format.

Sean Elsbernd, representing Nielsen, Merksamer, urged the Commission to adopt the .Cal format. Mr. Lynn informed Mr. Elsbernd that Netfile, which uses the .Cal format, will accommodate EFPOC until April 2000. Commissioner Dockendorff stated that as a client of Netfile, Neilsen, Merksamer should request that Netfile update its software to conform with the EFPOC format.

Commissioner Carol M. Kingsley stated that requests for increases to the Commission's budget (beyond the $10,000 required to accommodate form 460) should be reserved for pay increases for existing staff and the hiring of additional staff.

Charles Marstellar, of Common Cause, stated that the Commission should consider marketability of the On-Line Filing System in making its decision.

**99-10-6-34 (Dockendorff/Kingsley) Moved, seconded and passed: that the Ethics Commission continue to use the EFPOC format for electronic filing of campaign statements submitted by candidates and committees, and that the Commission request a supplemental appropriation in an amount of 10,000 to fund a work order to DTIS to implement enhancements to the EFPOC format by April 1, 2000.**

**VI. Discussion and possible action re: Request by Supervisor Leno, dated 9/14/99, that the Department of Elections and the Ethics Commission design a program to allow for formally City-sponsored debates and/or Internet accessible forums for all candidates for City offices and to provide a report to the Board of Supervisors within 90 days describing such program.**

Supervisor Mark Leno urged the Commission to develop a program to allow all candidates for local office to convey their messages to the voters in future elections. Supervisor Leno stated perhaps more than a hundred candidates will need a forum to communicate with voters in district elections for the Board of Supervisors in 2000. Supervisor Leno requested that the Commission propose a program within 90 days to allow time for implementation of a City-sponsored program for the November 2000 election.

Chairperson Grant requested that staff prepare a preliminary report by the next Commission meeting.

Holli Their, representing the League of Women Voters, described several programs sponsored by the League to educate voters and provide an opportunity for candidates to convey their views. She offered her organization's assistance to the Commission and to the Board.

Dr. Allison Washburn, also representing the League, stated that because only a small portion of the voters have internet access, it is important not to overlook other avenues of communication with voters. She noted that the League works with neighborhood associations and local leaders to educate them on conducting debates in the districts.

After further discussion the Commission decided to continue this item to the next Commission meeting.

VII. **Report by Commissioner Melbostad, discussion and possible action re: matters discussed at a meeting with a representative of the San Francisco Labor Council on July 29, 1999, concerning the Labor Council's proposed amendments to the Lobbyist Ordinance**

Commissioner Paul H. Melbostad reported that he met with Robert Boileau of the S.F. Labor Council and discussed two matters: 1) Whether the current definition of the term "business and organization lobbyist" should be amended to exclude entities; and 2) Whether the Commission should exempt labor negotiations from the definition of the term "contact." Commissioner Melbostad stated that amending the term "business and organization lobbyist" would create a large loophole for business lobbyists.

Mr. Boileau said that he rejected the City Attorney's proposed definition of the term "labor negotiation" because it only exempts contacts with the City's Human Resources Director and the Employee Relations Department. Mr. Boileau stated that certain meetings with other City employees should also be considered related to labor negotiations. After further discussion, Mr. Boileau stated that if the Labor Council's proposed exemptions were accepted, and the unions qualified, then unions would register as lobbyists.

Anita Mayo of Pillsbury, Madison, and Sutro stated that the Labor Council's proposed definition of the term "business and organization lobbyist," individuals instead of organizations would qualify as lobbyists. Ms. Mayo said that under this proposal, many currently registered lobbyists would no longer qualify and be required to report their activities.

This item was continued to the next Commission meeting.

VIII. **Conference with the City Attorney – Litigation**

**Motion 99-10-6-35 (Melbostad/Dockendorff) Moved, seconded and passed: that the Ethics Commission convene in closed session with the City Attorney for the purpose of conferring or receiving advice from the City Attorney regarding the following litigation: San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).**

The Commission adjourned into closed session.

IX. **Discussion and vote on whether to disclose action taken or discussions held in closed session.**

**Motion 99-10-6-36 (Melbostad/Dockendorff) Moved, seconded and passed: that the Ethics Commission finds that it is in the best interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.**

X. **Discussion of items for future agendas**

There was no discussion of future agenda items.

**XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

There was no further public comment.

**XII. Adjournment**

The Commission meeting adjourned at 7:30pm.

Respectfully submitted,

_____

Armando Gomez
Elections Clerk

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**Ethics Commission**

1390 Market Street, Suite 801
San Francisco, CA 94102
Phone 554-9510 Fax 703-0121

# SAN FRANCISCO ETHICS COMMISSION AGENDA

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**for**

**Monday, November 8, 1999, 5:00 p.m.**

**City Hall**

**One Dr. Carlton B. Goodlett Place, Room 408**

I. **Call to order and roll call**

II. **Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

III. **Conference with the City Attorney – Litigation**

**Motion that the Ethics Commission convene in closed session with the City Attorney for the purpose of conferring or receiving advice from the City Attorney regarding the following litigation: (1) Clinton Reilly, Clinton Reilly for Mayor, and Fred A. Rodriguez v. Louise Renne and the City and County of San Francisco, U.S. District Court No. C99-4395 CW; and (2) San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).**

IV. **Discussion and vote on whether to disclose action taken or discussions held in closed session.**

**(1) Motion that the Ethics Commission finds that it is in the best interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.**

**OR:**

**(2) Motion that the Ethics Commission finds that it is in public interest to disclose information discussed in closed session, and directs the Chairperson to immediately disclose that information.**

V. **Discussion and possible approval of minutes of the meeting of October 6, 1999**

VI. **Executive Director's report**

1. **Public policy program**
2. **Investigation and enforcement program**
3. **Report on volume of calls received via the Whistleblower hotline**
4. **Campaign finance disclosure program**
4. **Campaign finance audit program**
5. **Lobbyist program**
6. **Campaign consultant program**
7. **Statements of economic interests**

**(Please turn over for page 2)**

VI. Discusssion and possible action re: proposal of a program providing for public financing of elections in San Francisco, and whether the Commission should direct the staff to prepare a draft ballot measure for the March 1999 ballot. The Commission is addressing this issue pursuant to a resolution proposed by Board of Supervisors President Tom Ammiano. Supervisor Ammiano's resolution and the Commission's staff report on public financing of elections are available from the Commission office.

VIII. Discussion and possible approval of draft annual report covering fiscal year 99-00. (The draft annual report will be available from the Commission office on Friday, November 5.)

IX. Discussion and possible reconsideration of previously approved format to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and proposed request for supplemental appropriation to implement new or revised electronic format.

Motion that the Ethics Commission adopt the .CAL format for electronic filing of campaign statements submitted by candidates and committees, that the Commission request a supplemental appropriation in an amount of $10,000 to fund a work order to the Department of Telecommunications and Information Services (DTIS) to implement the .CAL format by April 1, 2000; that the Commission withdraw its earlier request for a supplemental in the amount of $10,000 to fund a work order to DTIS to revise the EFPOC format; and that the Commission suspend use of the current EFPOC format when the .CAL format is ready.

DTIS has informed the Commission that the .CAL format is technically superior to the Commission's current EFPOC format. For this reason, the staff proposes adoption of the .CAL format. The .CAL is one of two standards that have been adopted by the California Secretary of State.

X. Discussion of items for future agendas

XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

XII. Adjournment

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(Approved 12/6/99)

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**Minutes of the**
**San Francisco Ethics Commission**
**Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**November 8, 1999; 5:00 p.m.**

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## I. Call to order and roll call

Commission Chairperson Isabella H. Grant called the meeting to order at 5:10 p.m.

**COMMISSION MEMBERS PRESENT**: Isabella H. Grant, Chairperson; Henri E. Norris, Vice-Chairperson; Carol M. Kingsley, Commissioner; Robert D. Dockendorff, Commissioner; Paul H. Melbostad, Commissioner.

**STAFF PRESENT**: Ginny Vida, Executive Director; Naomi Starkman, Deputy Executive Director; Joe Lynn, Campaign Finance Officer; Katherine Havener, Ethics Investigator/Legal Analyst; Shaista Shaikh, Campaign Finance Auditor; Armando Gomez, Elections Clerk; Tina Tan, Intern.

**OFFICE OF THE CITY ATTORNEY**: Julie Moll, Deputy City Attorney

**OTHERS PRESENT**: Sheryl White, Statecraft, Inc.; Joan Mandle, California Common Cause; Mike Mooney and Lou Ellsworth, Alliance for Democracy; Aroza Simpson, Grey Panthers; David Fairley, Matt Spencer and David Grace, Green Party; Holli Thier, League of Women Voters; Lucy Colvin, Electoral Reform Coalition; Caleb Kleppner, Center for Voting and Democracy; Jim Reid, Reid for Supervisor; Richard Knee; Kate Gillick; Charles Marsteller, San Francisco Common Cause.

**MATERIALS DISTRIBUTED**:

S.F. Ethics Commission Agenda, November 8, 1999
Draft Minutes of the S.F. Ethics Commission Meeting of October 6, 1999
Approved Minutes of the S.F. Ethics Commission Meeting of September 23, 1999
Executive Director's Report, November 8, 1999
Memo to Ethics Commission Members from Ginny Vida re: Fundamental Policy Considerations: Public Financing of Campaigns
Memo to Ethics Commission Members from Ginny Vida re: Information on Public Financing of Campaigns
Memo to Ethics Commission Members from Ginny Vida re: Public Financing of Campaigns in San Francisco
"Oakland Plan for Funding Campaigns - spending limits, public money," San Francisco Chronicle, October 29, 1999
"How Much is Too Much?," Daily Journal, October 20, 1999
"Supervisors Want Say In Finance Rules," San Francisco Examiner, November 2, 1999
"Real Campaign Reform," San Francisco Bay Guardian, October 13, 1999
"Supervisors Tread On Appointed Panels' Turf; Ethics, Art Boards Get Pointed Advice," San Francisco Chronicle, November 2, 1999
Memo to Ginny Vida from Department of Telecommunications and Information Services re: Online Campaign Contribution Disclosure Filing System Format
Statecraft Handout re: proposed CAL electronic format
Common Cause Handout re: public financing

**II. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

There was no public comment.

**III. Conference with the City Attorney – Litigation**

**Motion 99-11-8-37 (Norris/____) Moved, seconded and passed: That the Ethics Commission convene in closed session with the City Attorney for the purpose of conferring or receiving advice from the City Attorney regarding the following litigation: (1) Clinton Reilly, Clinton Reilly for Mayor, and Fred A. Rodriguez v. Louise Renne and the City and County of San Francisco, U.S. District Court No. C99-4395 CW; and (2) San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).**

The Commission adjourned into closed session at 5:15 p.m. and reconvened in open session at 5:45 p.m.

**IV. Discussion and vote on whether to disclose action taken or discussions held in closed session.**

**Motion 99-11-8-38 (Melbostad/Kingsley) Moved, seconded and passed: That the Ethics Commission finds that it is in the best interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.**

**V. Discussion and possible approval of minutes of the meeting of October 6, 1999.**

**Motion 99-11-8-39 (Melbostad/Kingsley) Moved, seconded and passed: That the minutes of the October 6, 1999 meeting be approved.**

**VI. Executive Director's Report**

Executive Director Ginny Vida referred the Commission to the Executive Director's Report in the agenda packet.

**VI. Discussion and possible action re: proposal of a program providing for public financing of elections in San Francisco, and whether the Commission should direct the staff to prepare a draft ballot measure for the March 1999 ballot.**

Ms. Vida explained how the issue of public financing came before the Ethics Commission. She explained that Board President Tom Ammiano had asked the Ethics Commission to consider submitting a measure to the voters for the March 2000 ballot on public financing of campaigns. She noted that the full Board had subsequently amended the resolution to request that the Commission submit its proposal to the Board instead of the voters. Ms. Vida stated that in anticipation of the Commission's consideration of this issue, Deputy Director Naomi Starkman had researched other jurisdictions that currently have partial public financing programs. She commended Ms. Starkman for her hard work in preparing a comprehensive report for the Commission's review.

Ms. Vida stated that the Commission should discuss whether it wants to consider a public financing proposal, and if so, whether it wants to submit a proposal to the Board of Supervisors or to the voters. She noted that the Commission has tentatively scheduled special meetings for December 1 and 2 to consider public financing.

Ms. Starkman explained that the "Fundamental Policy Considerations" memo would best guide the Commission's discussion of public financing. She stated that the Commission should identify what goals it seeks to accomplish in pursuing public financing of campaigns.

Commissioner Paul H. Melbostad explained that since the variable contribution limits and aggregate contribution limits to independent expenditure committees were recently enjoined, the Commission should consider another method to encourage candidates to comply with the spending limits.

Supervisor Tom Ammiano addressed the Commission, urging members to submit a public financing initiative by the December 8 deadline for placement on the March 2000 ballot. He noted that voters support curbs on candidate spending, and that without public financing, soft money will greatly influence local elections.

Commissioner Melbostad and Chairperson Grant agreed that the amount of public money that candidates receive should be enough to encourage them to accept voluntary spending limits. Commissioner Norris stated that she favors only full funding of campaigns in order to achieve these goals.

Commissioner Kingsley expressed concern that the Commission's already established priorities would not receive enough attention should the staff be asked to develop and administer a public financing program. She also expressed concern that public financing would compete with important social programs for general fund appropriations. She further stated that given the complexity of the public financing issue, it would be unrealistic to ask staff to draft a proposal to meet the December 8 deadline.

Commission Chair Grant expressed concern about submitting a measure for the March ballot, in view of the short time available to prepare, consider and submit a proposal. She noted that a proposal that is hastily prepared and considered might be invalidated by the courts.

The Commission discussed with Deputy City Attorney Julie Moll whether a voter-approved budget for the public financing program would be guaranteed. Ms. Moll stated that while a voter-approved ordinance could designate the amount of money required to fund the program, such a provision would not be enforceable; the Board and the Mayor have authority to decide whether to appropriate money, and how much to appropriate, each fiscal year. She stated that the only way to guarantee that enough funds are appropriated each year to support public financing would be with a Charter amendment. Ms. Moll also advised that the Ethics Commission does not have the authority to place a Charter amendment on the ballot.

The Commission then heard public comment on public financing.

**Public Comment**

**Joan Mandel** of California Common Cause urged the Commission to put public financing before the voters. She stated that public financing would make politicians more accountable to the public, limit money spent on campaigns, level the playing field and begin to restore voter confidence in the electoral process.

**Mike Mooney** of the Alliance for Democracy expressed his group's support for public financing. He stated that public financing is cost effective and would increase participatory democracy in San Francisco.

**Aroya Simpson** of the Grey Panthers expressed her group's support for public financing. She stated that a public financing program would increase participatory democracy and reduce candidate dependence on large contributions.

**Lou Elsworth** of Alliance for Democracy expressed support for public financing. He stated that the cost of funding a public financing program would be minor compared to the cost to democracy if legislators are still allowed to remain beholden to corporate interests.

**David Fairley** of the San Francisco Green Party expressed support for full public financing of campaigns. He stated that the purpose of public financing is to better fund a larger array of candidates, thereby broadening the spectrum of public debate. He opposed a partial funding program because it would still leave some candidates without enough money to run viable campaigns.

**Holli Thier,** Co-President of the League of Women Voters, urged the Commission to put public financing on the March 2000 ballot. She stated that public financing would level the playing field for all candidates.

**Charles Marstellar** of San Francisco Common Cause stated that the cost of partial public financing, assuming highly competitive elections, would be approximately $750,000 per year, or $1 per resident. vFor full financing, the cost would be $1.5 million per year, or $2 per resident. He stated that this would be a small price to pay to insulate the Mayor and the Board of Supervisors from large contributors and special interests. He also stated that the Center for Governmental Studies had drafted a proposed bill to amend the Campaign Finance Reform Ordinance to include public financing. The proposed bill contains a viability threshold that candidates must meet to be able to receive seed money.

**Lucy Colvin** of the Electoral Reform Coalition urged the Commission to put public financing on the March 2000 ballot. She stated that public financing would give lesser known candidates the ability to inform the public of their viewpoints. She indicated that the Commission could work with the City of Oakland, which is currently is considering a public financing measure.

**Caleb Kleppner** of the Center for Voting and Democracy urged the Commission to put public financing on the ballot in March 2000. He stated that the Commission could receive assistance from experts in the field and could use legislation already in place in other cities as a model. He stated that public financing would encourage candidates to abide by spending limits and would allow poorly funded candidates a better chance to be heard by the electorate.

**Jim Reid**, former candidate for Mayor and candidate for Board of Supervisors, stated that public financing would make it less difficult for candidates such as he to wage campaigns, and would give more candidates an incentive to run for office.

**David Grace** of the Green Party indicated his support for public financing.

**Richard Knee**, a resident of San Francisco, urged the Commission to focus its attention on public financing so it can submit the issue to the voters in March 2000.

**Kate Gillick**, a resident of San Francisco, urged the Commission to consider public financing. She stated that public financing would better allow candidates who support social programs to become officeholders.

After some discussion, Commissioner Dockendorff introduced a motion that Commission staff draft a full public financing proposal for consideration by the Commission for placement on the March 2000 ballot.

**Motion 99-11-8-40 (Dockendorff/Norris) Moved, seconded and passed: That Commission staff draft a full public financing ordinance for consideration by the Commission for placement on the March 2000 ballot.**

The Commission agreed to convene on December 1 and December 2 to consider the draft ordinance.

**VIII. Discussion and possible approval of draft annual report covering fiscal year 99-00.**

**Motion 99-11-8-41 (Melbostad/Dockendorff) Moved, seconded and passed: That the annual report covering fiscal year 99-00 be approved.**

**IX. Discussion and possible reconsideration of previously approved format to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and proposed request for supplemental appropriation to implement new or revised electronic format.**

This matter was continued to the next regular meeting scheduled for December 6.

**X. Discussion of items for future agendas**

There was no discussion of future agenda items.

**XI. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

There was no further public comment.

**XII. Adjournment**

The Commission meeting was adjourned at 8:05 p.m.

Respectfully Submitted,

Katherine Havener
Ethics Investigator/Legal Analyst

// Ethics Commission

1390 Market Street, Suite 801
San Francisco CA 94102
Phone 554-9510 Fax 703-0121

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# SAN FRANCISCO ETHICS COMMISSION
# NOTICE OF SPECIAL MEETING AND AGENDA

**FOR**

**Wednesday, December 1, 1999, 5:15 P.M.**

**City Hall**
**1 Dr. Carlton B. Goodlett Place, Room 408**

I. **Call to order and roll call**

II. **Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

III. **(5:15 – 5:45 p.m.) Conference with the City Attorney – Litigation**

**Motion that the Ethics Commission convene in closed session with the City Attorney for the purpose of conferring or receiving advice from the City Attorney regarding the following litigation: (1) Clinton Reilly, Clinton Reilly for Mayor, and Fred A. Rodriguez v. Louise Renne and the City and County of San Francisco, U.S. District Court No. C99-4395 CW; and (2) San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).**

IV. **Discussion and vote on whether to disclose action taken or discussions held in closed session.**

**(1) Motion that the Ethics Commission finds that it is in the best interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.**

**OR:**

**(2) Motion that the Ethics Commission finds that it is in the public interest to disclose information discussed in closed session, and directs the Chairperson to immediately disclose that information.**

V. **Discusssion and possible action re: draft legislation providing for public financing of campaigns for elective office in San Francisco, and whether the Commission should a) submit for the March 1999 ballot a measure proposing public financing of campaigns for elective office; or b) submit to the Board of Supervisors a proposal providing for public financing of campaigns; or c) submit for a future election a ballot measure providing for public financing of campaigns.**

(please turn over for page 2)

(V., continued)

**The following documents will be available from the Commission office on Monday, November 29: a) Draft legislation providing for <u>full</u> public financing of campaigns and a staff report summarizing provisions of the full public financing legislation; and b)a staff report outlining components of an alternative proposal for a pilot program providing for <u>partial</u> public financing of campaigns, applicable to candidates in the November 2000 district election for the Board of Supervisors.**

VI. Adjournment

***<u>Know Your Rights Under the Sunshine Ordinance</u>***

*Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review.*

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(Approved 1/10/00)

**Minutes of the**
**San Francisco Ethics Commission**
**Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**December 1, 1999, 5:15 p.m.**

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**I. Call to order and roll call.**

Commission Chair Isabella Grant called the meeting to order at 5:20 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Henri E. Norris; Vice-Chairperson; Carol M. Kingsley, Commissioner; Robert D. Dockendorff, Commissioner; Paul H. Melbostad, Commissioner.

**STAFF PRESENT:** Ginny Vida, Executive Director; Naomi Starkman, Deputy Executive Director; Joe Lynn, Campaign Finance Officer; Katherine Havener, Ethics Investigator/Legal Analyst; Armando Gomez, Elections Clerk; Tina Tan, Intern.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney, Julie Moll Deputy City Attorney.

**OTHERS PRESENT**: Charles Marstellar, SF Common Cause; Myrna Lopez, Mayor's Budget Office; Don Ellison, Common Cause; Jim Reid; Caleb Klepper, Center for Voting and Democracy; David Fairley, Green Party.

**MATERIALS DISTRIBUTED:**
S.F. Ethics Commission Agenda, December 1, 1999
S.F. Ethics Commission Agenda, December 2, 1999
S.F. Ethics Commission Agenda, December 6, 1999
Memo dated November 29, 1999, to Ethics Commission Members from Ginny Vida re: Amending the Campaign Finance Reform Ordinance to Provide for Public Financing of Election Campaigns
Memo dated November 30, 1999, to Ethics Commission Members from Ginny Vida re: Key Provisions of a Partial Public Financing Proposal
Draft Legislation amending the Campaign Finance Reform Ordinance

**II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

There was no public comment.

**III. Conference with the City Attorney – Litigation**

**Motion 99-12-1-42 (Kingsley/Dockendorff) Moved, seconded and passed: that the Commission convene in closed session with the City Attorney regarding the following litigation: (1)Clinton Reilly, Clinton Reilly for Mayor, and Fred A. Rodriguez v. Louise Renne and the City and County of San Francisco, U.S. Disttrict Court No. C99-4395 CW;**

**and (2) San Franciscans for Sensible Government, et al. v. Louise H. Renne and City and County of San Francisco, U.S. District Court No. C99-2456 CW, as permitted by Government Code Section 54956.9(a).**

IV. **Discussion and vote on whether to disclose action taken or discussions held in closed session.**

**Motion 99-12-1-43 (Melbostad/Norris) Moved, seconded and passed: The Ethics Commission finds that it is in the interest of the public that the Ethics Commission elect at this time not to disclose its closed session deliberations concerning the litigation listed above.**

V. **Discussion and possible action re: draft legislation providing for public financing of campaigns for elective office in San Francisco, and whether the Commission should a) submit for the March 1999 ballot a measure proposing public financing of campaigns for elective office; or b) submit to the Board of Supervisors a proposal providing for public financing of campaigns; or c) submit for a future election a ballot measure providing for public financing of campaigns.**

Deputy Executive Director Naomi Starkman provided a summary of the staff's full public financing proposal. Ms. Starkman reported that currently no municipalities have full public financing. Four states have approved, but not implemented, full public financing of campaigns. Ms. Starkman explained that in reviewing other jurisdictions with public and partial financing, it was clear that both systems can take several years to implement.

According to Ms. Starkman, the purpose of the staff proposal is to address the Commission's concerns regarding the current system of privately financed campaigns for election to City office. Ms. Starkman explained that the staff proposal reduces the role of private contributions by offering a set amount of public funding to candidates who can demonstrate a threshold level of public support. Candidates demonstrate public support by raising a specified number of "qualifying contributions" from eligible voters within the candidate's election district. In exchange for public funds, candidates must agree not to accept any private contributions after qualifying for public financing.

Ms. Starkman noted that the set amount of public funds available to each participating candidate is the current voluntary spending limit applicable to the office the candidate is seeking. She explained that if the spending limits are lifted by nonparticipating candidates or committees that make independent expenditures, participating candidates would receive additional public funds in the form of matching funds. Ms. Starkman explained that matching funds would be provided at a rate of one additional dollar for each private dollar raised or spent by nonparticipating candidates in excess of the applicable spending limit. The additional public funds paid to a participating candidate cannot exceed 200 percent of the spending limits applicable to that candidate.

Ms. Starkman stated that the proposal establishes an Election Campaign Fund and mandates that each fiscal year the City appropriate to the Fund an amount sufficient to fund all candidates for City elective office. According to Ms. Starkman, the proposal also appropriates funds to the Ethics Commission to pay for the administration of the program. In the event that there are

insufficient funds, the voluntary spending limits and public financing provisions will not apply. She noted that the proposal also requires additional reporting from nonparticipating candidates and independent expenditure committees. Finally, the proposal authorizes the Commission to adopt regulations to implement the public financing provisions, requires the Commission to audit 25 percent of all candidates who receive public funds and provides for penalties for misuse of public funds.

Commissioner Robert Dockendorff stated that providing funds of up to 200 percent of the spending limit is too high and a $500 fine is too low. Commissioner Dockendorff explained that once candidates accept public funds, there should be no provision to trigger a lifting of the spending limits. Commissioner Dockendorff stated that the current (and proposed) $500 fine for violation of the Campaign Finance Reform Ordinance should be increased to $5,000 or $10,000. Commissioners Henri E. Norris and Paul H. Melbostad agreed with Commissioner Dockendorff that the $500 fine is too low.

Executive Director Ginny Vida stated that the Commission needs to determine the point at which candidates should receive public funds and what should happen if candidates decide not to run for office after receiving public funds. She noted that candidates might receive funds and then withdraw or fail to qualify. Ms. Vida explained that a partial public financing program could limit the amount of money the City expends if a candidate decides not to run.

Commissioner Dockendorff stated that candidates should return all public funds if they fail to qualify or withdraw. Ms. Starkman explained that early disbursements are necessary because there is a need for candidates to start campaigning when other candidates start campaigning. Commissioner Dockendorff stated that candidates should receive public funds only after they qualify for the ballot. He stated that campaigns begin too early, and that disbursing the money later would serve the useful purpose of limiting the campaign period. Ms. Starkman stated that fewer candidates may participate in the program if they have to wait until August to receive funds for a November election.

With Commissioner Norris acting as temporary Chair, Chairperson Grant introduced a motion to refer the issue of public financing to an ad hoc committee of the Commission to allow adequate time for consideration of the issue. She also proposed that the issue of public financing be deliberated at a public hearing where experts and others would be invited to testify, and that the Commission should consult with the Board of Supervisors on a public financing proposal.

After further discussion the Commission asked for public comment.

**Public Comment**

(Editor's Note. Per Charles Marsteller's letter to Commission Chair Isabella Grant, dated January 25, 2000, the following paragraph has been amended as follows. Strikeout text reflects text deleted; italicized text indicates text added.)

**Charles Marstellar** of Common Cause urged the Commission to ~~propose to the Board~~ *submit to the ballot a pilot* public financing program for implementation in district elections in 2000 ~~if the Commission determines that a full public financing program cannot be submitted for the March ballot by the December 8 deadline. Mr. Marstellar stated that the pilot program could be amended by the Commission or the City after November 2000~~. *Mr. Marsteller indicated that he feels that the S.F. Board of Supervisors is inherently conflicted in this matter and that this is why the voters have granted to the Commission the power to take measures to the ballot. Further, Mr. Marsteller expressed concern that the Board may not adopt by legislation the $75,000 spending limit enacted by voters on November 2.*

Mr. Marsteller read a statement prepared by **David Fairley** of the Green Party. In his statement Mr. Fairley asserts that qualifications for public funds should be based on how much support a candidate can demonstrate, not on how much money he or she can raise. Mr. Fairley suggests that candidates should qualify for public funds by submitting 300 signatures plus a five dollar check from each signator.

**Jim Reid**, former candidate for Mayor, stated that it is very premature to discard public financing. Mr. Reid also asserted that the qualifying contributions proposed by staff are too high. He said that it is difficult for candidates to raise money, especially those running for the first time.

**Caleb Kleppner** of the Center for Voting and Democracy suggested that the Commission amend the proposal for full public financing to provide for partial public financing. Mr. Kleppner stated that the current qualifying factors are too difficult and that the threshold should be 150 contributions at $20 each. According to Mr. Kleppner, no candidates in the last election raised enough money to qualify under the system proposed by the Commission staff. Mr. Kleppner states that the proposed system puts money in the hands of people who already have sufficient fund-raising capability, not in the hands of those who have significant support and for whom public funds could make a difference.

After receiving public testimony, the Commission addressed Commissioner Grant's motion.

**Motion 99-12-01-44: (Grant/Norris) Moved, seconded and passed: that the Ethics Commission decline to submit a measure for the March 1999 ballot regarding full public financing of campaigns, in order to provide adequate time for consideration of the issue; and that the issue of public financing be forwarded to an ad hoc committee of the Commission and be deliberated at a public hearing where experts and others are invited to testify, and that the Commission consult with the Board of Supervisors on a public financing proposal.**

**VI. Adjournment**

**Motion 99-12-01-45 (Dockendorff/Kingsley) Moved, seconded and passed: That the meeting be adjourned.**

The Commission meeting adjourned at 7:30 p.m.

Respectfully submitted,

Armando Gomez
signed by Jen Tolosa
Armando Gomez
Elections Clerk

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Ethics Commission

1390 Market Street, Suite 801
San Francisco CA 94102
Phone 554-9510 Fax 703-0121

# SAN FRANCISCO ETHICS COMMISSION
# NOTICE OF SPECIAL MEETING AND AGENDA

**FOR**

**Thursday, December 2, 1999, 5:00 P.M.**

**City Hall**
**1 Dr. Carlton B. Goodlett Place, Room 408**

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I. Call to order and roll call

II. Discusssion and possible action re: draft legislation providing for public financing of campaigns for elective office in San Francisco, and whether the Commission should a) submit for the March 1999 ballot a measure proposing public financing of campaigns for elective office; or b) submit to the Board of Supervisors a proposal providing for public financing of campaigns; or c) submit for a future election a ballot measure providing for public financing of campaigns.

The following documents will be available from the Commission office on Monday, November 29: a) Draft legislation providing for full public financing of campaigns and a staff report summarizing provisions of the full public financing legislation; and b) a staff report outlining components of an alternative proposal for a pilot program providing for partial public financing of campaigns, applicable to candidates in the November 2000 district election for the Board of Supervisors.

III. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.

IV. Adjournment

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**Minutes of the**
**San Francisco Ethics Commission**
**Special Meeting at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**December 2, 1999; 5:00 p.m.**

**I. Call to order and roll call**

Commission Chairperson Isabella H. Grant called the meeting to order at 5:15 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Henri E. Norris, Vice-Chairperson; Carol M. Kingsley, Commissioner; Robert D. Dockendorff, Commissioner; Paul H. Melbostad, Commissioner.

**STAFF PRESENT:** Ginny Vida, Executive Director; Naomi Starkman, Deputy Executive Director; Joe Lynn, Campaign Finance Officer; Katherine Havener, Ethics Investigator/Legal Analyst; Shaista Shaikh, Campaign Finance Auditor.

**OFFICE OF THE CITY ATTORNEY:** Julie Moll, Deputy City Attorney; Claire Sylvia, Deputy City Attorney.

**OTHERS PRESENT:** Don Ellison, Common Cause; Caleb Kleppner, Center for Voting and Democracy; Jim Reid, Reid for Supervisor; Charles Marsteller, San Francisco Common Cause; Tom Hall; Christopher L. Bowman, San Francisco Republican Party; John Henry Pearce, Legislative Aide to Supervisor Tom Ammiano; Henry Evers, Common Cause; Brad Benson, Legislative Aide to Supervisor Tom Ammiano; and Jane Morrison, San Francisco Tomorrow.

**MATERIALS DISTRIBUTED:**

S.F. Ethics Commission Agenda, December 2, 1999
Memo dated November 29, 1999, to Ethics Commission Members from Ginny Vida re: Amending the Campaign Finance Reform Ordinance to Provide for Public Financing of Election Campaigns
Memo dated November 30, 1999, to Ethics Commission Members from Ginny Vida re: Key Provisions of a Partial Public Financing Proposal
Draft Legislation amending the Campaign Finance Reform Ordinance

**III. Discussion and possible action re: draft legislation providing for public financing of campaigns for elective office in San Francisco, and whether the Commission should a) submit for the March 1999 ballot a measure proposing public financing of campaigns for elective office; or b) submit to the Board of Supervisors a proposal providing for public financing of campaigns; or c) submit for a future election a ballot measure providing for public financing of campaigns.**

The Commission first heard public comment regarding matters not relating to public financing of campaigns.

**Public Comment**

Charles Marsteller of San Francisco Common Cause informed the Commission of an informal opinion issued by the Fair Political Practices Commission which states that county committees are exempt from filing pre-election campaign statements. He stated that such an exemption creates a loophole for committees that make independent expenditures because the committees

are not required to report the source of their funds until after the election. He suggested that the Commission may wish to address this issue by revising the Campaign Finance Reform Ordinance.

Commission Chair Isabella H. Grant noted that the purpose of tonight's meeting was to consider partial public financing of campaigns and to decide whether the Commission should: 1) submit for the March 1999 ballot a measure proposing partial financing of campaigns for elective office; or 2) submit to the Board of Supervisors a proposal providing for partial public financing of campaigns; or 3) refer the issue of partial public financing to an ad hoc committee for further consideration. At Chairperson Grant's request, Executive Director Ginny Vida and Deputy Executive Director Naomi Starkman reported on the key provisions of a partial public financing proposal.

Ms. Starkman explained that the Commission has not yet determined the specific components of a partial public financing proposal. She stated that a key consideration is determining how candidates should qualify for public money. She asked the Commissioners to consider the purpose of the program. She noted that the Commission had previously agreed to focus on reducing the role of private contributions, thereby reducing corruption or the appearance of corruption in campaigns.

Ms. Starkman said that all of the municipalities that have partial public financing require candidates to demonstrate their viability as candidates by raising a certain number of qualifying contributions. She explained that there are two factors in considering qualifying contributions: 1) the number of contributions; and 2) the total amount of contributions. Ms. Starkman explained that the number of qualifying contributions should reflect real support for a candidate, and that the threshold amount should be high enough to screen out candidates who are unable to demonstrate a significant level of support. At the same time, she noted that the threshold must be low enough so as not to present a barrier to serious challengers.

Ms. Starkman noted that the full public financing measure previously discussed by the Commission at last night's meeting would require candidates for the Board of Supervisors to raise 400 contributions of $50 each. She explained that there are 11 districts in San Francisco and that each district has an average population of 65,700 and an average of 40,700 registered voters. She explained that staff took 1 percent of 40,000 to arrive at the number 400, which appeared to indicate a reasonable amount of public support for a candidate. She further explained that staff had decided to recommend $50 as the individual contribution amount, rather than smaller amounts of $5 or $10, because lower amounts would impose a greater administrative burden on the Commission in verifying each qualifying contribution.

Ms. Starkman also noted that staff had initially considered a qualifying threshold consisting only of signatures, but had determined that verification of signatures would place too much of a burden on either the Commission or the Department of Elections. She explained that staff had determined that a monetary contribution, however small, is a better gauge of commitment than a signature alone. Ms. Starkman noted that while many people will sign anything, very few people will contribute $50 to a person whom they do not seriously support.

Finally, Ms. Starkman presented statistics on jurisdictions that have partial public financing. She noted that Los Angeles requires candidates for City Council to raise $25,000 or more in contributions of $250 or less. In New York City, candidates for City Council must raise $5,000 from a minimum of 50 contributors; and in Long Beach, candidates for City Council must raise at least $5,000 in contributions of $250 or less. In Tucson, candidates for City Council must receive 200 contributions of $10 or more from Tucson residents. In Oakland, candidates for City

Council must raise 5 percent of the spending limit. Ms. Starkman explained that on average the spending limit for Council Members is $82,000.

Commissioner Paul Melbostad noted that Judge Claudia Wilken's injunction against San Francisco's variable contribution limits had prompted the Commission to consider the issue of public financing of campaigns. Commissioner Melbostad said that it would not be appropriate for members of the Board of Supervisors to decide upon a public financing proposal when nine of the eleven supervisors may be contenders in the November 2000 district supervisorial races. He also noted that if the Commission does not place a measure on the ballot, the new spending limits, approved overwhelmingly by voters in the November 1999 election, may be rendered unenforceable.

Commissioner Melbostad stated that he had worked with staff to propose key provisions for a pilot program to partially fund candidates for the Board of Supervisors in the November 2000 election. Vice-Chairperson Henri E. Norris said that she was concerned about rushing into a decision regarding public financing of campaigns. She said the Commission had not yet heard from experts on the subject and that it was the Commission's duty to carefully consider any publically financed program. She noted her preference for a program of full public financing, rather than partial financing, of campaigns.

Commissioner Robert D. Dockendorf stated that: 1) he did not agree with the concept of lifting expenditure limits; 2) the threshold for qualifying for partial public financing should be reduced to $10,000 at a range of $10 to $50 per contributor; and 3) public financing should not be provided until a candidate qualifies for the ballot.

Chairperson Grant requested comment from the public regarding public financing.

**Public Comment**

**Christopher L. Bowman** of the San Francisco Republican Party stated that taxpayers should not be forced to subsidize candidates whom the taxpayers may not support. Mr. Bowman requested that if the Commission decides to propose public financing for election campaigns, it should do so after the November 2000 district elections. Mr. Bowman noted that if district elections and public financing were to be implemented simultaneously, it would be difficult to determine whether any problems that might arise were due to district elections or public financing.

**Tom Hall** expressed support for public financing. He noted that taxpayers subsidize many items that they may not agree with.

**Brad Benson,** Legislative Aide to Supervisor Tom Ammiano, stated that the proposed minimum amount of $50 for qualifying contributions should be lowered because a significant number of San Francisco residents cannot afford to contribute that amount. Mr. Benson asked the Commission to consider alternative funding mechanisms in addition to the City's general fund. Mr. Benson also stressed the urgency of implementing a proposal for the November 2000 election. He noted that Judge Wilkens' injunctions have resulted in large amounts of money being spent in the current election.

**Jane Morrison,** President of San Francisco Tomorrow, expressed support for the $75,000 spending limit imposed by Proposition K for district elections. Ms. Morrison urged the Commission to take the necessary steps to protect this limit. Ms. Morrison stated that the $50 qualification threshold should be replaced by a $10 or $20 threshold.

**Don Ellison** of Common Cause urged the Commission to adopt a plan that would be effective for the November 2000 district elections. Mr. Ellison said that matching only those contributions of $50 or more would be unfair to low-income residents.

**Jim Reid** stated that the number of contributions required for qualifying for public financing should be lower than 400. Mr. Reid urged the Commission to place a measure on the March ballot so that a pilot program could be implemented for the November 2000 district elections.

**Charles Marsteller** of Common Cause urged the Commission to place a public financing proposal on the March ballot. He stated that the Board of Supervisors may not place such an issue on the ballot and would not act in time to implement a public financing program for the November 2000 district elections. Mr. Marsteller further stated that the Ethics Commission is the only commission in the country that has the authority to place a measure directly on the ballot.

**Caleb Kleppner** of the Center for Voting and Democracy stated that the qualification threshold of 400 contributions at $50 or more is restrictive and that the Commission would consequently be funding those candidates with exceptional fundraising ability. Mr. Kleppner further stated that a candidate's viability should not be measured by his ability to raise funds but rather his ability to address issues. Mr. Kleppner recommended lowering the $50 threshold to include contributions of $5 or $10, thereby allowing residents of all income levels to participate.

**John Henry Pearce**, speaking on behalf of Board President Tom Ammiano, conveyed the Supervisor's appreciation to the Commission for addressing the matter of public financing. Mr. Pearce stated that the Commission is the appropriate body to make a decision regarding public financing.

Commissioner Carol M. Kingsley expressed her concern the Commission cannot not assure proper funding for the proposal. She suggested that the Ethics Commission consider alternative funding sources, other than the general fund, such as a check-off system regarding property tax.

Commissioner Melbostad introduced the following motion, which was not approved:

> **Motion 99-12-02-41 (Melbostad/Dockendorff) Moved and seconded: That the Ethics Commission staff draft legislation for a partial public financing program for the November 2000 election for possible submission to the voters at the March 2000 election. (Melbostad, Dockendorff—yes; Grant, Norris, Kingsley—no)**

After some discussion, Vice-Chairperson Norris introduced a motion that further consideration of partial public financing be referred to the same ad hoc committee that will study full public financing.

> **Motion 99-12-2-42 (Norris/Kingsley) Moved, seconded and passed: That consideration of a partial public financing proposal be referred to the ad hoc committee for further study.**

**IV. Public Comment**

There was no further public comment.

**V. Adjournment**

The meeting was adjourned at 7:15 p.m.

Respectfully Submitted,

Shaista Shaikh
Campaign Finance Auditor

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Ethics Commission

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# SAN FRANCISCO ETHICS COMMISSION AGENDA

for

**Monday, December 6, 1999, 5:15 p.m.**
**City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**

I. Call to order and roll call

II. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.

III. Discussion and possible approval of the minutes of the meeting of November 8, 1999

IV. Executive Director's report

1. Public policy program
2. Investigation and enforcement program
3. Report on volume of calls received via the Whistleblower hotline
4. Campaign finance disclosure program
4. Campaign finance audit program
5. Lobbyist program
6. Campaign consultant program
7. Statements of economic interests
8. Sunshine Ordinance amendments

V. Discussion and possible reconsideration of previously approved format to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and possible consideration of proposed request for supplemental appropriation to implement new or revised electronic format.

DTIS has informed the Commission that the .CAL format is technically superior to the EFPOC format approved by the Commission earlier this year. For this reason, the staff proposes adoption of the .CAL format. The .CAL format is one of two standards that have been adopted by the California Secretary of State. A report prepared by DTIS pertaining to the .CAL proposal is available from the Commission office.

Motion that the Ethics Commission adopt the .CAL format for electronic filing of campaign statements submitted by candidates and committees, that the Commission request a supplemental appropriation in an amount of $10,000 to fund a work order to the Department of Telecommunications and Information Services (DTIS) to implement the .CAL format by April 1, 2000; that the Commission withdraw its earlier request for a supplemental in the amount of $10,000 to fund a work order to DTIS to revise the EFPOC format; and that the Commission suspend use of the current EFPOC format when the .CAL format is ready.

(Please turn over for page 2)

VI. Discusssion and possible action re: draft legislation providing for public financing of campaigns for elective office in San Francisco, and whether the Commission should submit for the March 1999 ballot a measure proposing public financing of campaigns for elective office; or b) submit to the Board of Supervisors a proposal providing for public financing of campaigns; or c) submit for a future election a ballot measure providing for public financing of campaigns. The draft legislation will be available from the Commission office on Friday, November 26.

VII. Discussion of items for future agendas

VIII. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission

IX. Adjournment

***Know Your Rights Under the Sunshine Ordinance***

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(Approved as amended 1/10/00)

**Minutes of the**
**San Francisco Ethics Commission Meeting**
**at City Hall**
**One Dr. Carlton B. Goodlett Place, Room 408**
**December 6, 1999, 5:15 p.m.**

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**I. Call to order and roll call.**

Commission Chair Isabella H. Grant called the meeting to order at 5:15 p.m.

**COMMISSION MEMBERS PRESENT:** Isabella H. Grant, Chairperson; Henri Norris, Vice-Chairperson; Robert D. Dockendorff, Commissioner; Paul H. Melbostad, Commissioner; and Carol M. Kingsley, Commissioner.

**STAFF PRESENT:** Naomi Starkman, Deputy Executive Director; Joe Lynn, Campaign Finance Officer; Katherine Havener, Ethics Investigator/Legal Analyst; Tina Tan, Intern.

**OFFICE OF THE CITY ATTORNEY:** Claire Sylvia, Deputy City Attorney

**OTHERS PRESENT**: Sheryl White, Statecraft, Inc.; Brad Benson, Legislative Aide to Supervisor Ammiano; Joan Kingery, West of Twin Peaks Association; William Langfeld, Common Cause; Mike Mooney, Common Cause and Alliance for Democracy; Anita Mayo, Pillsbury, Madison & Sutro; Luke Ellsworth, Alliance for Democracy.

**MATERIALS DISTRIBUTED:**
S.F. Ethics Commission Agenda, December 6, 1999
Draft Minutes of the S.F. Ethics Commission Meeting of November 8, 1999
Approved Minutes of the S.F. Ethics Commission Meeting of October 6, 1999
Executive Director's Report for the Meeting of December 6, 1999
Draft of Ordinance [Public Financing of Election Campaigns – November 29. 1999]
Memo to Ethics Commission Members from Ginny Vida re: Key Provisions of a Partial Financing Proposal dated November 30, 1999
Letter to Ginny Vida, Executive Director, from Maria Gartner, Department of Telecommunications and Information Services, dated November 4, 1999
"Campaign Funds Law in Works," San Francisco Examiner, November 9, 1999
"Business Tax Issue Dogging Ammiano," San Francisco Examiner, November 25, 1999
"Light Time in Tough Race," San Francisco Examiner, November 30, 1999
Letters to the Editor, "A Catholic Voice," San Francisco Chronicle, December 2, 1999
"Mayor Brown, Fazio Way Ahead of Opponents in Fund Raising," San Francisco Chronicle, December 3, 1999

**II. Public comment re: matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission.**

Joan Kingery, of the West of Twin Peaks Association, expressed her concern that the Commission did not place on the March, 2000 ballot the issue of public financing of campaigns.

Former mayoral candidate Jim Reid expressed his disappointment that the Commission did not place the public financing issue on the March ballot.

Brad Benson, on leave from Supervisor Ammiano's office, urged the Commission to take action on public financing of campaigns in order to avoid the potential conflict of interest that the Board of Supervisors would have in deciding this matter. He also stated his concern about the lack of reporting by committees that make independent expenditures. Mr. Benson urged the Commission to review the matter because the names of

contributors of the vast sums of money spent by committees making independent expenditures would not be reported until after the election.

Commissioner Robert D. Dockendorff stated that an advice letter from the FPPC had led some committees to believe they did not have to file pre-election reports. He stated that a challenge to the advice letter issued by FPPC staff would be appropriate.

Commissioner Paul H. Melbostad expressed his view that non-reporting by such committees was a serious matter.

Anita Mayo of Pillsbury, Madison & Sutro, noted that general purpose county committees do not have to file pre-election reports. She said that the FPPC had advised that committees operating in San Francisco are county committees.

Michael Mooney, a member of the Alliance for Democracy and Common Cause, urged the Commission to continue its efforts on providing a public financing program for San Francisco.

Vice-Chairperson Henri E. Norris stated while members of the public were disappointed that the Commission had not placed a measure on the ballot regarding public financing, she supported the Commission's intention to carefully craft a public financing measure that would withstand court scrutiny.

**III. Discussion and possible approval of minutes of the meeting of November 8, 1999**

**99-12-6-43 (Dockendorff/Norris) Moved, seconded and passed: That the minutes of the November 8, 1999 meeting be approved.**

**IV. Executive Director's Report**

Deputy Executive Director Naomi Starkman reported that Executive Director Ginny Vida was attending the annual COGEL conference. Ms. Starkman directed the Commission's attention to the Executive Director's Report. Ms. Starkman asked Campaign Finance Officer Joe Lynn to comment on the most recent campaign report filing.

Mr. Lynn reported that all four candidates in the run-off election met their obligation to file on December 2, 1999. He stated that electronically reported data from the candidates' reports was posted to the Commission's website within 24 hours of its receipt. He explained that because the Commission's On Line Filing System was not set up to receive Independent Expenditure Reports electronically, the posting of that information to the Commission's web site had been delayed.

Mr. Lynn explained that there had been some confusion about whether committees that make independent expenditures are required to file pre-election reports. He stated that the staff was in the process of determining the filing obligations of such committees.

Ms. Mayo noted that these general purpose committees file pursuant to state law, which provides that San Francisco committees are county committees. She said that general purpose county committees do not file in odd-numbered years, the year in which the mayoral races occurred. Ms. Mayo stated that such committees are not skirting the statute but are following their obligations under the law.

Commissioner Dockendorff asked that staff make it a priority to gather more information from the FPPC on the issue.

**V. Discussion and possible reconsideration of previously approved format to replace or revise the current format for electronic reporting of campaign finance statements, in accordance with new FPPC forms and in view of new electronic formats adopted by the Secretary of State; and possible consideration of proposed request for supplemental appropriation to implement new or revised electronic format.**

Ms. Starkman explained that Forms 419, 420, and 490 have been replaced by a new Form 460. She stated that this new Form must to be formatted for acceptance by the Commission's On-Line Filing System. She explained that although the Commission had previously approved continuing the EFPOC format, DTIS had discovered that the .CAL format was superior and requested that it be adopted.

Commissioner Carol M. Kingsley asked why the earlier $31,000 budget had been changed to $10,000. Mr. Lynn responded that the $31,000 budget included all three formats, EFPOC, X12 and .CAL. The earlier staff recommendation to retain the EFPOC format was based solely on budgetary concerns. Mr. Lynn explained that as DTIS began to develop its new format, it realized that the .CAL format was technically superior. Mr. Lynn reported that while DTIS had earlier estimated that it would cost $16,000 to adopt the .CAL standard, their experience led them to lower the estimate to $10,000.

Commissioner Kingsley questioned whether staff was confident in the budgetary figures set forth by DTIS. Mr. Lynn expressed his confidence in DTIS's budgetary estimate based on past experience with that department.

Sheryl White, President of Statecraft, Inc., reviewed the past history of the formatting decisions by the Department of Elections and the Ethics Commission. She advocated the X12 standard, a national standard. She noted that in the past Mr. Ron Kane, DTIS, had in the past advocated for the X12 standard. She said that EFPOC was to be a temporary standard until a national standard was adopted. She characterized .CAL as a "proprietary" format and told the Commission that she has brought a lawsuit to challenge the Secretary of State's adoption of the .CAL standard.

Ms. White said that a court hearing would be held in her case on December 17 and that if she won a writ of mandamus, she would challenge any action by the Commission to adopt the .CAL standard. She also stated that adoption of the .CAL standard would require the Commission to incur further costs than called for in the supplemental appropriation: an EDI check costing $30,000, an EDI load server costing $45,000, and an EDI load filer costing $20,000. She also said that not all FPPC requirements have been met by the .CAL standard. She further predicted that the future of data base reporting would be XML, which could handle the X12 standard with a translator.

In response to Commissioner Dockendorff's question, Mr. Lynn said the cost of adopting both the X12 and .CAL standard would be $26,000. Mr. Lynn noted that 9 of the 10 vendors registered with the Secretary of State had adopted the .CAL standard. Mr. Lynn also noted that if the Commission did not act at today's meeting, DTIS would not have the necessary lead-time to accommodate the new Form 460, thus rendering the Commission's On-Line Filing System inoperable.

In response to Commissioner Dockendorff's question, Mr. Lynn said that the $10,000 supplemental appropriation would be all that would be needed to accommodate the new Form 460 in the .CAL format. Commissioner Kingsley asked whether there would be additional expenditures after adopting the .CAL standard. Mr. Lynn said he understood there would be no additional expenditures. Mr. Lynn said he would be glad to verify this understanding.

Commissioner Dockendorff said that he was satisfied with the recommendation by the staff and DTIS. He also noted that adoption of the .CAL standard would not preclude later adoption of the X12 standard.

Vice-Chairperson Norris said she was concerned about Ms. White's statements and requested that the Commission monitor future developments.

**99-12-6-44 (Norris/Dockendorff) Moved, seconded and passed: That the Ethics Commission adopt the .CAL format for electronic filing of campaign statements submitted by candidates and committees, that the Commission request a supplemental appropriation in the amount of $10,000 to fund a work order to the Department of Telecommunications and Information Services (DTIS) to implement the .CAL format**

**by April 1, 2000; that the Commission withdraw its earlier request for a supplemental in the amount of $10,000 to fund a work order to DTIS to revise the EFPOC format; and that the Commission suspend use of the current EFPOC format when the .CAL format is ready. This motion is conditioned upon Mr. Lynn's verification that there will be no large software verification expenditure as the result of this action.**

**VI. Discussion and possible action re: draft legislation providing for public financing of campaigns for elective office in San Francisco, and whether the Commission should submit for the March 2000 ballot a measure proposing public financing of campaigns for elective office; or b) submit to the Board of Supervisors a proposal providing for public financing of campaigns; or c) submit for a future election a ballot measure providing for public financing of campaigns. The draft legislation will be available from the Commission office on Friday, November 26.**

Commissioner Melbostad moved that the Commission place on the March 3, 2000 ballot a measure with the language drafted by the City Attorney providing for public financing of campaigns with the following changes: 1) change the wording to provide a pilot program of public financing of election campaigns for the Board of Supervisors; 2) delete all references to offices other than the Board of Supervisors; 3) re-write Section 16.511-3 to read "eligibility would be based upon receiving contributions totaling the amount of $5,000 in contributions equal to or greater than $10. For contributions greater than $50, only $50 shall be counted to meet the thresholds of this provision"; and 4) further modify the language in accordance with the staff's proposal for partial public financing.

Commissioner Melbostad said the practical effect of not adopting the proposal would be the election of supervisors in unregulated campaigns.

Commissioner Dockendorff seconded the motion with the amendment that all references to exceeding expenditure limits be deleted. Commissioner Melbostad accepted this as a friendly amendment.

Commissioner Kingsley said she could understand the passion of the public on the subject. Nevertheless, she said, the issue is enormously complex and requires further deliberation. Adopting a full public financing would be a first for a municipality, indicating that care is needed in adopting such a proposal. She stated that further study is needed.

Chairperson Grant expressed her agreement with Commissioner Kingsley. Commissioner Grant noted that not only would full public financing be a first for a city, no state that had adopted such a program had yet implemented its program. She stated that she would like to forward a pilot program providing for partial financing to the Board for enactment. She stated that it could not be assumed that the Board would reject a thoughtful program. She also said that the Commission could continue to address the issue of full public financing. Chairperson Grant also stated that the Commission needs to address what the purpose of the program would be, to fund more candidates or to protect viable candidates from being influenced by private money.

Vice-Chairperson Norris repeated her commitment to full public financing. She stated that the issue of public financing would require further study as well as working with the Board of Supervisors. She stated that if the Board does not act, the voters can hold the Supervisors accountable.

Upon the call of the role, Commissioners Dockendorff and Melbostad voted in favor of the motion; Commissioners Grant, Norris and Kingsley voted no. The motion failed.

Commissioner Melbostad asked whether Vice-Chairperson Norris would object to a motion directing the Ad Hoc Committee on Public Financing to report a measure on a pilot program for the Board of Supervisors so that the Commission could report such a measure to the Board. In response to an inquiry from Commissioner Kingsley, Commissioner Melbostad said that his motion would set a deadline for the Commission to act, but would not preclude the Commission from taking other action.

**99-12-6-44 (Melbostad/Dockendorff) Moved, seconded and passed: That the Ethics Commission complete hearings and make a recommendation to the Board of Supervisors on proposed legislation to enact a public financing program in time to be in effect for the November 2000 elections and that the Commission vote on such a recommendation at the regular February meeting of the Commission.**

Chairperson Grant said she would like to consider arguments against public financing and the history of the Los Angeles and Tucson programs.

Commissioner Kingsley said that she would like to consider ways of financing a program other than through the general fund.

**VII. Discussion of items for future agendas**

Chairperson Grant said it would be good to calendar the lobbyist/union question for the January agenda.

**VIII. Public comment on matters appearing or not appearing on the agenda that are within the jurisdiction of the Ethics Commission**

Mr. Mooney expressed his view that a pilot program seemed the best way to approach the issue of public financing. He also recommended that the former Tucson Mayor, Tom Volgy, be invited to testify. Commissioner Melbostad agreed. Ms. Starkman said Mr. Volgy has been invited to testify before the Commission.

In response to an inquiry from Commissioner Dockendorff, Ms. Starkman said the Commission's Whistleblower hotline does not have a caller ID capability.

Luke Ellsworth, of the Alliance for Democracy, asked why Board approval of the funding would be required if a Commission ballot measure were passed by the voters. Ms. Starkman explained that the funding could only be secured through a Charter amendment, which the Commission did not have authority to place on the ballot.

Mr. Reid said he thought that failure by the Board to fund a measure passed by the voters would be politically unpopular.

**IX. Adjournment**

The Commission meeting adjourned at 7:10 p.m.

Respectfully submitted,

Joe Lynn
Campaign Finance Officer